

Nearctic Nickel Mines Inc.

Pink Sheets: NNMIF

Initial Company Information and Disclosure Statement

August 22, 2008

Nearctic Nickel Mines Inc.

Table of Contents

Part A	General Company Information	1
Item I	The exact name of our Company and its predecessor	1
Item II	The address of our principal executive offices	1
Item III	The province and date of our incorporation or organization	1
Item IV	The name and address of our transfer agent	1
Item V	The nature of our business	1
Item VI	History and development of our Company	2
Item VII	Our facilities – our Property	4
Part B	Share Structure and Issuance History	19
Item VIII	The exact title and class of securities outstanding	19
Item IX	Description of the security	19
Item X	The number of shares or total amount of the securities outstanding for each class of securities outstanding	19
Item XI	List of securities offerings and shares issued for services in the past two years	19
Part C	Management and Control Structure	22
Item XII	The name of the chief executive officer, members of the board of directors, as well as control persons	22
Item XIII	Beneficial Owners	25
Item XIV	The name, address, telephone number, and email address of outside service providers	25
Part D	Financial Information ...	27
Item XV	Financial information for the issuer's most recent fiscal period. ..	27
Item XVI	Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence. ..	28
Item XVII	Management's Discussion and Analysis or Plan of Operation...	29
Part E	Exhibits ...	33
Item XVIII	Material Contracts.	33
Item XIX	Articles of Incorporation and Bylaws	36
Item XX	Issuer's Certification	37

Part A

General Company Information

Item I The exact name of our Company.

The name of the company is Nearctic Nickel Mines Inc. Our Shareholders approved the change of our company name to from Ungava Minerals Corp. to Nearctic Nickel Mines Inc. ("NNMI") at our Annual General Meeting held June 26, 2007 and the change was effected by Articles of Amendment effective September 7, 2007.

Item II The address of our principal executive offices.

The address of our principal executive offices is:

160 Matheson Boulevard East, Suite 5, Mississauga Ontario Canada L4Z 1V4

Telephone: (416) 277-4528

Fax: (905) 502-6370

Our subsidiary company, Ungava Mines Inc., maintains a website at www.ungavamines.com

Contact information for investor relations:

Alan Rootenberg C.A.

(416) 277-4528

160 Matheson Boulevard East, Suite 5,

Mississauga Ontario Canada L4Z 1V4

alan@ungavamines.com

Item III The jurisdiction and date of incorporation or organization.

We were formed by the amalgamation of Ungava Minerals Corp. and Coretek Vencap Inc. on August 1, 1996. Ungava Minerals Corp. was incorporated under the Business Corporation Act (Alberta) by Certificate of Incorporation September 6, 1995. By Articles of Continuance certified effective March 27, 1996, Ungava Minerals Corp. continued under the Canada Business Corporations Act. By Articles of Amendment effective September 7, 2007, Ungava Minerals Corp. changed its name to Nearctic Nickel Mines Inc. ("NNMI").

Item IV The name and address of our transfer agent.

Our transfer agent is:

Capital Transfer Agency Inc.

390 Bay Street, Suite 2020

Toronto, Ontario Canada

M5H 2Y2

(416) 350-5007

Our transfer agent is registered as a transfer agent pursuant to Section 17A(c) of the Securities and Exchange

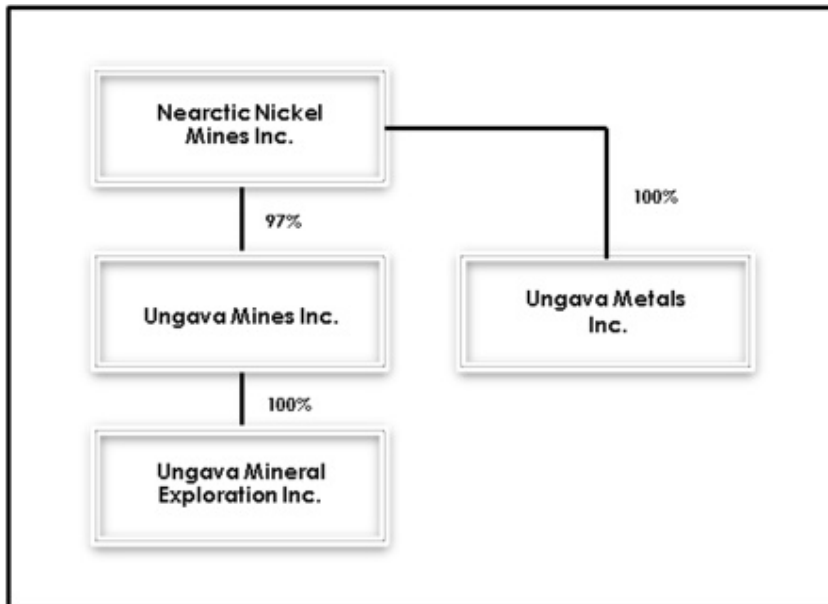
Item V The nature of our business.

The principal business of the Company is the acquisition, exploration and development of mineral properties. Our current focus is to ensure that the Property which is owned by our indirect subsidiary Ungava Mineral Exploration Inc. ("UMEI"), is put into production, capable of generating ongoing cash flows which would be used to provide a currency for the expansion of our acquisition, exploration and development activities.

Our SIC Code is 1000

The Company has no asset-backed securities outstanding.

The following chart details our corporate structure.



Nearctic Nickel Mines Inc. is federally incorporated in Canada. The Company is quoted on the Pink Sheets, symbol NNMIF and is a reporting issuer in the Canadian provinces of Alberta, Ontario, Quebec and Nova Scotia.

UMEI is incorporated in Quebec, Canada and is a wholly owned subsidiary of Ungava Mines Inc. and Ungava Metals Corp., is an inactive subsidiary incorporated federally in Canada.

ITEM VI History and Development of our Company

The Company is a mineral exploration company. We were formed by the amalgamation of Ungava Minerals Corp. and Coretek Vencap Inc. on August 1, 1996. Ungava Minerals Corp. was incorporated under the Business Corporation Act (Alberta) by Certificate of Incorporation September 6, 1995. By Articles of Continuance certified effective March 27, 1996, Ungava Minerals Corp. was continued under the Canada Business Corporations Act. Shareholders approved the change in our company name from Ungava Minerals Corp. to Nearctic Nickel Mines Inc. at our Annual General Meeting held June 26, 2007.

In February 2007 we organized a wholly owned subsidiary, Ungava Mines Inc. (“Mines”). In March 2007, we transferred our wholly-owned subsidiary, UMEI, to Mines on a tax-free rollover basis. As part of the consideration, Mines agreed to pay us \$500,000 and assume all costs of the litigation related to the mineral property. We remain a party to certain Ontario litigation and have a right to receive a portion of any recovery. On August 22, 2007, through a series of transactions, we acquired control of Byron Americor Inc. “Byron”, an Ontario company whose common shares trade on the NASDAQ OTC BB market (UGVMF). In one transaction we acquired 14,131,638 Byron common shares for nominal consideration. In another transaction, we transferred to Byron all the outstanding shares and share purchase warrants of Mines and 5,000,000 of our share purchase warrants exercisable at \$0.75 per share for five years, in exchange for 75,868,339 Byron common shares and 10,000,000 Byron common share purchase warrants exercisable at \$0.75 per share for five years. After these transactions, there were 92,688,976 common shares of Byron outstanding. Byron had been a shell company with nominal assets and limited liabilities. The transaction is a capital transaction in substance and therefore has been accounted for as a recapitalization of Byron. Accordingly, because Mines is deemed to be the purchaser for accounting purposes, consolidated financial information of Mines is presented as a continuation of Mines and its subsidiary UMEI.

By Articles of Amalgamation, effective September 21, 2007, our subsidiaries, Byron Americor Inc. and Ungava Mines Inc. amalgamated. The amalgamated company continues under the name Ungava Mines Inc.

As a result, we have two subsidiaries; Ungava Mines Inc. incorporated in Ontario (which in turn owns Ungava Minerals Exploration Inc., incorporated in Quebec) and Ungava Metals Corp., an inactive subsidiary incorporated federally in Canada.

Our fiscal year end is November 30.

Neither our Company nor any predecessor has been in bankruptcy, receivership or any similar proceeding.

Other than as described above, there has not been any material reclassification merger, consolidation or purchase or sale of a significant amount of assets.

Our change of control, increase in common shares and reorganization is described above.

Our shares have not been delisted by any securities exchange or deleted from the OTC BB.

Legal Actions and Contingencies

- a) Our wholly owned subsidiary, Ungava Mineral Exploration Inc. ("UMEI"), is a plaintiff in two actions, commenced against various parties, which are pending. The action in Ontario is for breach of contract and relates to the study of a rock sample collection gathered on UMEI's Property. In the course of this action, UMEI learned that defendants had formed a collaboration with others who had trespassed and separately obtained samples from the Property. UMEI is currently seeking to have these other parties joined as co-defendants in the action. The action in Quebec is against parties who UMEI alleges, trespassed onto UMEI's property in 1998, wrote a false and misleading Assessment Report, produced a falsified version of a geologist Report during the 2002 arbitration proceeding with Canadian Royalties Inc. ("Canadian") and against parties who are alleged to have given false testimony at the 2002 arbitration. After the end of the period, a Decision of the Quebec Court of Appeal decided that the action against the individuals who are directors of Canadian cannot proceed. The Company is reviewing that Decision to decide on its course of action.
- b) UMEI and certain past and present officers and directors have been named in a Quebec legal action filed by Canadian and two directors of Canadian. Damages in the amount of \$1,550,000 and reimbursement of fees, disbursements and taxes in the amount of \$741,933 for multiplicity of proceedings instituted against them by the Company are sought, as well as other relief. UMEI intends to defend itself and its directors in this action. No liability has been recorded in the consolidated financial statements. Any loss which might occur as a result of this action would be charged against earnings in the year incurred.
- c) UMEI is named in a Quebec legal action whereby 582556 Alberta Inc. ("582556") seeks the cancellation of the conveyance by which it transferred its 1% net smelter returns royalty in the Ungava Property to Canadian. The conveyance occurred at the same time that an 80% interest in the Property was optioned to Canadian. No damages are, however, claimed against UMEI.
- d) In September 2007 Canadian made a demand that it be vested in a further 10% interest in the Property and demanded arbitration. That demand is being resisted. An arbitration process has commenced.

B. Business Overview

Pursuant to an Agreement dated January 20, 1995, we acquired, through our subsidiary Ungava Mineral Exploration Inc. ("UMEI"), a 100% working interest, in mineral rights to approximately 170 square kilometers of land located in the Ungava area of Ruperts Land, Quebec (the "Property"), subject to two 1% net smelter returns royalties. The Property is located approximately 15 kilometers south of the Katinniq Mine, part of the Raglan nickel mining operations of Xstrata Nickel, a subsidiary of Xstrata PLC, (formerly Falconbridge Ltd.). The Expo Ungava property is currently being evaluated for its potential to host commercially viable mineral deposits of Nickel (Ni), Copper (Cu), and Platinum Group Elements (PGE) collectively referred to herein as Ni-Cu-PGE deposits.

On January 12, 2001, we entered into an Agreement with Canadian Royalties Inc. ("Canadian or CRI") under which Canadian may earn up to an 80% interest in the Property. Canadian has been vested with a 70% interest in the Property to date. Under this Agreement, Canadian will earn a further 10% interest in the Property by producing a Bankable Feasibility Study ("BFS") on the Property which is accepted by a financing bank or financing entity for the purpose of putting the Property into commercial production on a non-recourse basis. After Canadian has earned its 80% interest, the companies will enter into a joint venture.

Our joint venture interest will be subject to dilution for non contribution to subsequent ongoing exploration and development expenses incurred after the banker's acceptance of the BFS for a financing commitment and, if reduced to a 10% joint venture interest, will be automatically converted to a 1% net smelter returns royalty, which Canadian may purchase for \$1,500,000.

In June 2007, Canadian published the highlights of a purported BFS and on June 29, 2007 published a Technical Report relating to this purported BFS indicating that it was proceeding with permitting applications and an environmental and social impact analysis. The purported BFS proposes that the Property be put into production and mined in conjunction with a deposit owned by Canadian. In a pending arbitration proceeding with Canadian,

we say that the purported BFS is not the BFS called for in the Agreement since it is not final nor acceptable, as a feasibility study must be under Canadian National Instrument 43-101, nor has the purported BFS been actually accepted by a bank or financing entity for purposes of putting the Property into commercial production on a non-recourse basis, as specified by the Agreement. Canadian has also announced that the purported BFS will be “updated” to include production from the Mequillon deposit on the Property and to increase initial mine capacity from 3,500 TPD to 4,500 TPD. After Canadian has earned its 80% interest, the companies will enter into a joint venture to own, operate and further explore and develop the Property. Canadian is in the process of initiating the development of the Property as a Ni-Cu-PGE mining and milling operation. To date Canadian has obtained some but not all permits required for mining.

In August 2008, Canadian announced that changes in the capital markets and lack of access to local infrastructure which would include airport facilities had impaired their ability to raise the balance of the funds required for mine construction and mine construction was halted.

ITEM VII Our Facilities - Our Property

The Property description that follows has been derived largely from the technical reports and to a lesser extent the Canadian website and Canadian Annual Reports

Location, Access, Infrastructure, Climate, and Physiography

The Property is located in the northern Quebec region of Nunavik approximately 90 kilometers west of the village of Kangiqsujaq (also known as Wakeham Bay) and approximately 15 kilometers south of Raglan, a Ni-Cu-PGE mining operation owned by Xstrata Nickel a division of Xstrata plc (formerly the Falconbridge Raglan Mines) (see figures 1 and 2). The center of the Property is located at approximately latitude 61°33'N and longitude 73°28'W and is within Canadian National Topographic Map Sheet 35H.



Figure 1

The commercial airlines Air Inuit and First Air have daily air service from Montreal and Val-d'Or to the coastal communities of Salluit and Kangiqsujaq. Air service from Salluit also connects to the community of Radisson in the James Bay hydroelectric development area. The Property can be accessed by helicopter from the airports at Kangiqsujaq and Salluit.

Canadian maintains a fleet of heavy all terrain haulage equipment to facilitate logistics and road construction. In 2005, Canadian constructed an access road from the Deception Bay-Katinniq-Donaldson-Douglas Harbour road network south to the Mesamax Deposit. The road network is used for re-supply and the delivery of heavy equipment to the site from sea-lift via Douglas Harbour. Typical re-supply to support on-going exploration activities includes fuel, drilling supplies, non-perishable food, and other equipment. The on land movement of supplies is supported by helicopter. The infrastructure in place on the property consists of exploration camps. The main camp is located near the south margin of the Expo deposit and includes first aid, office, kitchen, core logging and sampling facilities, sleeping, and dry facilities as well as a mechanical shop comprised of permanent buildings and tents. A smaller stand alone camp has been built at Mequillon which includes core logging facilities, a satellite communications system, office, and kitchen and sleeping facilities. Power is supplied to the camps with diesel generators. Snow machines and all terrain vehicles are used for exploration and logistics activities. Water is readily abundant and is pumped to required points of use.

The Property is located on the northern Canadian tundra. The climate is harsh with summer temperatures ranging

typically from 0 Cc to 20 Cc and winter temperatures ranging from 0 Cc to -50 Cc. The Property is located on a broad plateau with gentle relief. Vegetation consists of sparse shrubs, plants, and grasses, which generally grow to less than 25 centimeters in height.

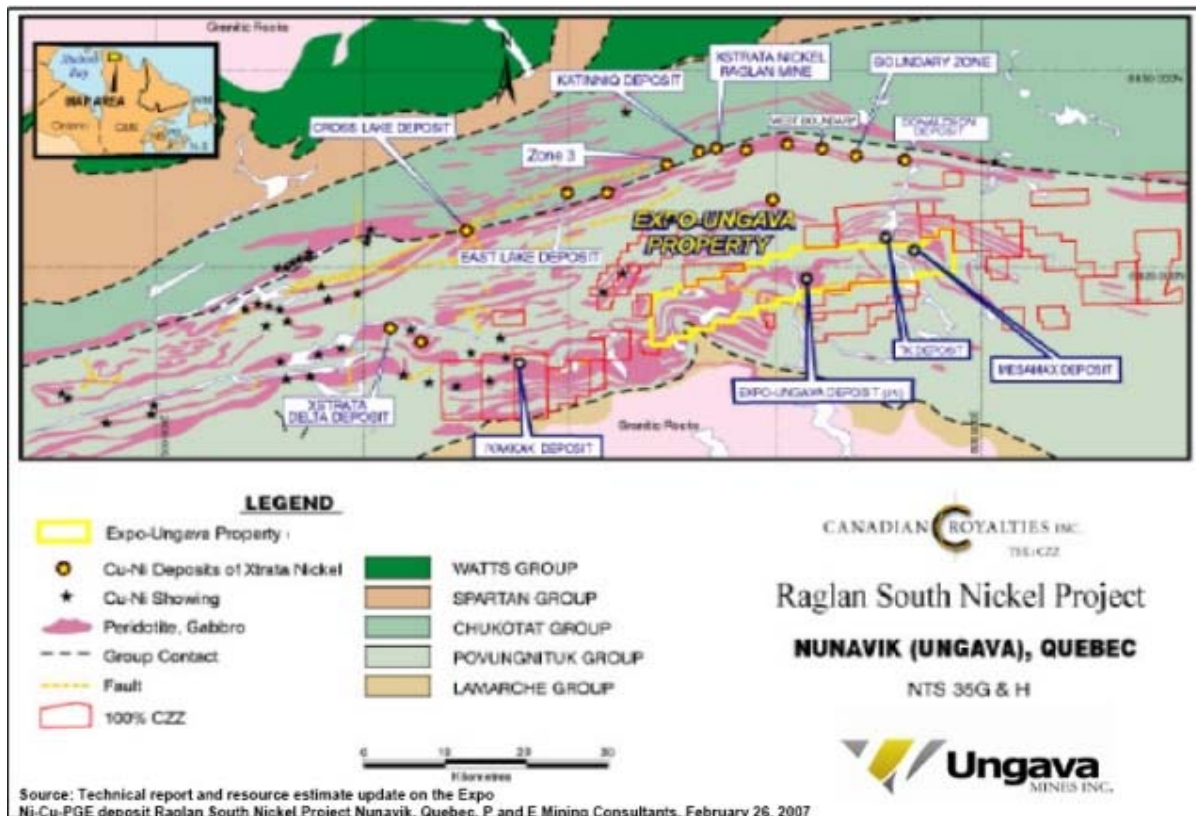


Figure 2

Canadian has completed (commissioned) a number of National Instrument 43-101 (Canada) compliant reports (all of which are viewable and downloadable at Canadian's website on the SEDAR disclosure site, www.sedar.com) which are summarized as follows:

DATE	REPORT	ENGINEERING FIRM/CONSULTING GROUP	AUTHOR(S)
30-May-08	TECHNICAL REPORT AND RESOURCE ESTIMATE ON THE ALLAMMAQ Ni-Cu-PGE DEPOSIT NUNAVIK NICKEL PROJECT, NUNAVIK, QUEBEC	P&E Mining Consultants	Ms. Tracy Armstrong, P.Geo., Mr. Eugene Puritch, P.Eng, Mr. Antoine Yassa, P.Geo
20-Mar-08	TECHNICAL REPORT AND PRELIMINARY ECONOMIC ASSESSMENT OF THE MEQUILON Ni-Cu-PGE DEPOSIT NUNAVIK NICKEL PROJECT, NUNAVIK, QUEBEC	P&E Mining Consultants	Ms. Tracy Armstrong, P.Geo., Mr. Eugene Puritch, P.Eng, MR. David Orava, P.Eng, Mr. Antoine Yassa, P.Geo, Mr. Stephane Rivard, ing.
25-Oct-07	TECHNICAL REPORT AND UPDATED RESOURCE ESTIMATE ON THE MEQUILLON Ni-Cu-PGE DEPOSIT NUNAVIK NICKEL PROJECT NUNAVIK, QUEBEC	P&E Mining Consultants	Ms. Tracy Armstrong, P.Geo., Mr. Eugene Puritch, P.Eng, Mr. Antoine Yassa, P.Geo
20-Jul-07	RAGLAN SOUTH NICKEL PROJECT TECHNICAL REPORT	SNC Lavalin	Mining and Metallurgy Group
22-Mar-07	TECHNICAL REPORT (2007) AND RESOURCE ESTIMATE UPDATE ON THE IVAKKAK Ni-Cu-PGE DEPOSIT SOUTH TREND PROPERTY, RAGLAN SOUTH NICKEL PROJECT	G.A. Harron & Associates Inc. and P&E Mining Consultants	G.A. Harron, P.Eng., Eugene Puritch, P.Eng., Dr. Wayne D. Ewert, P.Geo, Tracy Armstrong, P.Geo
26-Feb-07	TECHNICAL REPORT AND RESOURCE ESTIMATE UPDATE ON THE EXPO Ni-Cu-PGE DEPOSIT RAGLAN SOUTH NICKEL PROJECT, NUNAVIK, QUEBEC	P&E Mining Consultants	Ms. Tracy Armstrong, P.Geo., Mr. Eugene Puritch, P.Eng, Mr. Antoine Yassa, P.Geo

24-Jul-06	RAGLAN SOUTH NICKEL PROJECT, NUNAVIK, QUEBEC TECHNICAL REPORT AND PRELIMINARY ECONOMIC ASSESSMENT ON THE MEQUILLON, MESAMAX, EXPO AND IVAKKAK DEPOSITS FOR CANADIAN ROYALTIES INC.	P&E Mining Consultants and Roche Ltd., Consulting Group	Eugene J. Puritch, P.Eng. Mining Engineer, Alfred S. Hayden, P.Eng. Metallurgist, Michael J. Davie, P.Eng. Mining Engineer, Bruce Brady, P.Eng. OIQ, Mining Engineer, Dr. Wayne Ewert, P.Geo. Geologist, Serge Tourangeau, Biol. M.Sc., Sylvain Boucher, Eng., M.Sc.
31-Mar-06	TECHNICAL REPORT ON THE IVAKKAK DEPOSIT, SOUTH TREND PROPERTY (NTS 35G/08) NUNAVIK, QUEBEC	G.A. Harron & Associates Inc. and P&E Mining Consultants	G.A. Harron, P.Eng., Eugene Puritch, P.Eng., Dr. Wayne D. Ewert, P.Geo, Tracy Armstrong, P.Geo
08-Aug-05	TECHNICAL REPORT ON THE MINERAL RESOURCE ESTIMATE EXPO NICKEL-COPPER DEPOSIT NUNAVIK, QUEBEC FOR CANADIAN ROYALTIES INC.	Todd Keast Geological Services Inc. and Strathcona Mineral Services Limited	Todd Keast, P. Geo. Henrik Thalenhorst, P. Geo
30-May-05	TECHNICAL REPORT ON THE UPDATED MINERAL RESOURCE ESTIMATE MEQUILLON NICKEL-COPPER DEPOSIT NUNAVIK, QUEBEC	Todd Keast Geological Services Inc. and Strathcona Mineral Services Limited	Todd Keast, P. Geo. Henrik Thalenhorst, P. Geo
18-Oct-04	TECHNICAL REPORT ON THE INITIAL MINERAL RESOURCE ESTIMATE MEQUILLON NICKEL-COPPER DEPOSIT NUNAVIK, QUEBEC FOR CANADIAN ROYALTIES INC.	Strathcona Mineral Services Limited	Henrik Thalenhorst, P. Geo
29-May-03	TECHNICAL REPORT ON THE SOUTH TREND GROUP OF PROPERTIES NUNAVIK QUEBEC FOR CANADIAN ROYALTIES INC.	Strathcona Mineral Services Limited and Todd Keast Geological Services	Henrik Thalenhorst, P. Geo. Todd Keast, P. Geo

Previous exploration programs and the exploration program funded and completed by Canadian have successfully discovered and delineated bodies of Ni-Cu-PGE sulphide mineralization on the property. Canadian has estimated and stated reserves for the Expo Ungava property pursuant to Canadian regulations for reserve estimation and reporting. Canadian is currently in the process of establishing a commercially viable mining project for the property. Canadian to date has spent CDN\$140 Million in building the mine. On August 5, 2008, Canadian announced that changes in the Canadian capital markets and other challenges have impaired their ability to raise the balance of funds required to bring the Property into production in 2010. They further announced that essential construction work will continue on the project for the balance of 2008 and that the construction schedule will resume when full project financing has been arranged. Canadian also announced that they have been unable to reach a suitable agreement for the use of local infrastructure. The Expo Ungava property is deemed to be in the exploration state.

Description and Status of Mining Claims

Mining and mineral exploration rights and permits is administered in Canada by the provinces. Mineral rights are

acquired either through ground staking or map staking. Ground staking requires that an individual licensed in the jurisdiction physically erect corner posts and mark the adjoining lines to define a claim on the ground which is subsequently registered with the recording office. Claims in the Nunavik region of Quebec are acquired by map staking and can be accomplished on-line. The registration of the claims requires payment of a registration fee and maintenance of the claims requires payment of renewal fees, and work expenditures where the work expenditures are evidenced by a work report. The Expo Ungava property consists of 500 Quebec provincial mining claims (Map Designated Units or “MDU’s). The total area of the Property is approximately 206 square kilometers (50,828 acres or 20,569 hectares). The renewal date for the MDU’s is February 7, 2009 and the expiry date is April 9, 2009. Maintenance of the claims requires payment of a renewal fee, currently at CDN\$92.00 per MDU, payable to the Ministère des Ressources Naturelles du Québec and work expenditures currently at a rate of CDN\$1,200 per MDU. Total renewal fees required for the Property are CDN\$43,792.00 and total work expenditures required is CDN\$571,200.00. The Property MDU’s currently have a total of CDN\$6,085,232.62 in excess work expenditure credits which can be distributed upon renewal. Title of the MDU’s is registered to “Exploration Minérale Ungava Inc (13920) 30 %” and “Canadian Royalties Inc (18783) 70 % (responsible)”.

Exploration History

The general area of Ni-Cu-PGE deposits in northern Nunavik covering the Raglan Trend and the South Trend encompassing the Expo Ungava property has been explored since the mid 1950's. A brief overview of the exploration history is provided here. For a comprehensive account of previous exploration, the reader is referred to the Thalenhorst and Keast (2003) Technical Report. Initial field work consisting of ground geophysics and surface sampling was undertaken by New Quebec Mining and Exploration in 1957 and indicated the possible importance of the Expo and Mesamax areas. There is no recorded work in the area from 1958 until 1967, when Expo Ungava Mines Ltd. staked the areas identified as having potential in 1957. After completing a magnetometer survey, eight holes were drilled that discovered the Expo deposit. A more ambitious drilling program was conducted by Expo Ungava Mines Ltd. in 1968 that consisted of 35 surface drill holes and essentially outlined the deposit over a strike length of 600 meters.

Amax Exploration Inc. (Amax), as optionee, became manager of the Expo project in 1969 and drilled a further 32 holes designed to test possible extensions of the deposit but were generally unsuccessful. Amax also carried out a preliminary feasibility study at that time, including preliminary metallurgical test work and open-pit mining studies. Although Amax remained active in the general area in 1970, there is no record of further work on Expo in that year, and it appears that the deposit lay dormant again afterwards.

On January 20, 1995, the Company’s subsidiary Ungava Mineral Exploration Inc. (“UMEI”), acquired a 100% working interest in the Expo Ungava property subject to two 1% NSR royalties.

In 1997 High North Resources Inc. and Ungava Minerals Corp. undertook a confirmatory drill program consisting of five diamond drill holes into the Expo deposit.

On January 12, 2001 the Company’s wholly owned subsidiary, UMEI, entered into the Option and JV Agreement with Canadian as described above.

History – Exploration work Completed by Canadian

Canadian has conducted and continues to implement a systematic and comprehensive exploration program for the discovery and delineation of Ni-Cu-PGE mineralization on the Expo Ungava property. The exploration programs have been executed and supervised by industry professionals, Qualified Persons as defined by National Instrument 43-101, and have been completed to industry standards as per best practice guidelines for mineral exploration and resource estimation as set out by the Canadian Institute of Mining and Metallurgy.

The primary exploration techniques and procedures employed by Canadian on the Property have been airborne geophysical surveys, ground geophysical surveys, and diamond drilling. The exploration programs/diamond drilling have successfully expanded and delineated known mineralization (Expo and Mequillon) and have discovered new zones of mineralization (Mesamax and Allammaq) and support resource estimation and project development. The

total meterage and number of holes completed on the main zones of mineralization on the Expo Ungava property are summarized in the table below.

Deposit	Year	Company	No. of Holes	Total Metreage
Expo	1967	Expo Ungava	8	731
Expo	1968	Expo Ungava	35	3281
Expo	1969	Amax	34	5439
Expo	1997	High North	6	1023
Expo	2003	CRI	67	6747
Expo	2004	CRI	43	4825
Expo	2005	CRI	31	6153
Expo	2006	CRI	44	4578
Total Expo			268	32777
Mequillon	1958	C. M de L'Ungava	5	699
Mequillon	2002	CRI	6	573
Mequillon	2003	CRI	12	1670
Mequillon	2004	CRI	77	11757
Mequillon	2005	CRI	19	5081
Mequillon	2006	CRI	9	2827
Total Mequillon			128	22607
Mesamax	2001 - 2003	CRI	76	7400
Mesamax	2004	CRI	41	3540
Mesamax	2005	CRI	63	33 tonnes
Mesamax	2006	CRI	21	3438
Total Mesamax			201	16676
Allammaq	2007	CRI	32	5736
Total Allammaq			32	5736

Source: Technical reports: 1) Raglan South Nickel Project Technical Report, SNC Lavalin, July 20, 2007 and 2) Technical Report and Resource Estimate for the Allammaq Ni-Cu-PGE Deposit Nunavik Nickel Project, Nunavik Quebec, P&E Mining Consultants, May 30, 2008.

Sampling, Analyses, and QA/QC

Drill core sampling forms the basis of the analytical database. Drill core is logged for geological and geotechnical purposes and sample intervals defined by the geologist based on defined project parameters. The core is split by mechanical methods with S the core being returned to the core box for archiving purposes and S the core bagged for shipment to the analytical laboratory. The samples are shipped to the ALS Chemex sample preparation facility in Val-d'Or, Quebec. Sample preparation includes crushing the samples to 90% passing 2 millimeters and a 1 kg split pulverized to 85% passing a 75 micron screen. Base metal concentrations are determined using ALS Chemex method ME-ICP81 and precious metals are determined using the ALS Chemex procedures PGM-ICP27 (ICP-AES). ALS Chemex is an internationally recognized and certified laboratory. The sampling, chain of custody, and analytical procedures have been reviewed by independent Qualified Persons on behalf of Canadian and as required by National Instrument 43-101.

Data integrity is maintained through the insertion of standard samples in the stream of core samples. In addition, the sampling and analytical data has been verified by sampling and data validation completed by independent Qualified Persons on behalf of Canadian.

Exploration and Related Expenditures by Canadian

To the end of its fiscal year 2007, Canadian has incurred an aggregate expense of CDN\$28,917,512 on the Expo Ungava property. Yearly exploration and related expenditures on the Expo Ungava property are summarized in the table below.

Item	2001	2002	2003	2004	2005	2006	2007
Acquisition and claims maintenance	51,699	3,232	41,378	42,446	633	44,000	
Property/ Option Payments	20,000	30,000					
Communication	7,210	17,645	22,307	43,094	56,236	33,598	110,417
Program management and consultants	34,639	18,959	152,558	302,800	394,474	2,518,352	2,162,932
Drilling, excavation and related costs	37,038	356,772	1,473,095	1,849,852	2,380,676	1,937,223	3,245,595
Ground geophysics			114,506	162,625	151,918	101,205	281,978
Airborne geophysics			122,023	2,554	112,262		645,927
Technical and field staff	189,550	196,592	424,527	747,973	653,897	1,087,677	2,018,435
Sampling and testing	46,477	41,264	232,731	365,342	216,214	205,899	207,374
Metallurgical testing				162,746	233,130	672,612	127,371
Travel and transport including helicopter and camps	298,888	446,111	1,386,285	2,781,796	2,900,854	3,161,041	3,778,291
Amortization, insurance and other expenses	40,844	3,710	8,634	13,295	43,591	314,689	543,022
Professional Fees	32,742	815	285	2,346			
Government assistance		-75,000	-461,263	-2,000,000	-1,125,000	-3,115,668	-6,996,820
Net expenses incurred during the year	759,087	1,040,100	3,517,066	4,476,869	6,018,885	6,960,628	6,124,522
Balance beginning of year	20,355	779,442	1,819,542	5,336,608	9,813,477	15,832,362	22,792,990
Balance End of Year	779,442	1,819,542	5,336,608	9,813,477	15,832,362	22,792,990	28,917,512

Source: Canadian Annual reports

Geology and Mineralization

The Property occurs in a succession of dominantly volcanic and sedimentary rocks referred to as the Cape Smith Belt. The volcanic and sedimentary rocks are approximately 2.0 – 1.9 billion years old and the Cape Smith Belt is correlated with the Thompson Nickel Belt in Manitoba.

The Cape Smith Belt hosts two approximately parallel belts of ultramafic rocks. The Raglan trend in the north and the South Trend are separated by a distance of approximately 15 to 20 kilometers. Both belts host a number Ni-Cu-PGE sulphide deposits developed in the ultramafic rocks and spatially associated mafic rocks. The deposits along the Raglan Trend include Donaldson, Boundary, West Boundary, 13-14, 5-8, Katiniq, East Lake, 2-3 Zone and Cross Lake and are collectively owned and exploited by Xstrata Nickel. Deposits on the south trend include Expo, Mesamax, Allammaq, and Mequillon (see figure 2). All of the deposits in the Cape Smith Belt belong to a broad class of mineral deposits referred to as Magmatic Sulphide Deposits or Ni-Cu Magmatic Sulphide Deposits.

Deposits of this type are (and have been) major sources of nickel and copper including the deposits at Sudbury,

The deposits on the Expo Ungava property occur within ultramafic intrusive rocks which are in turn hosted by the sequence of dominantly volcanic and sedimentary rocks. Geological interpretation of the deposits include the definition of the major rock types and mineralization types including the distinction of massive sulphide, oxidized massive sulphide, and net textured sulphide. Representative sections of mineralization are included in figures 3 and 4.

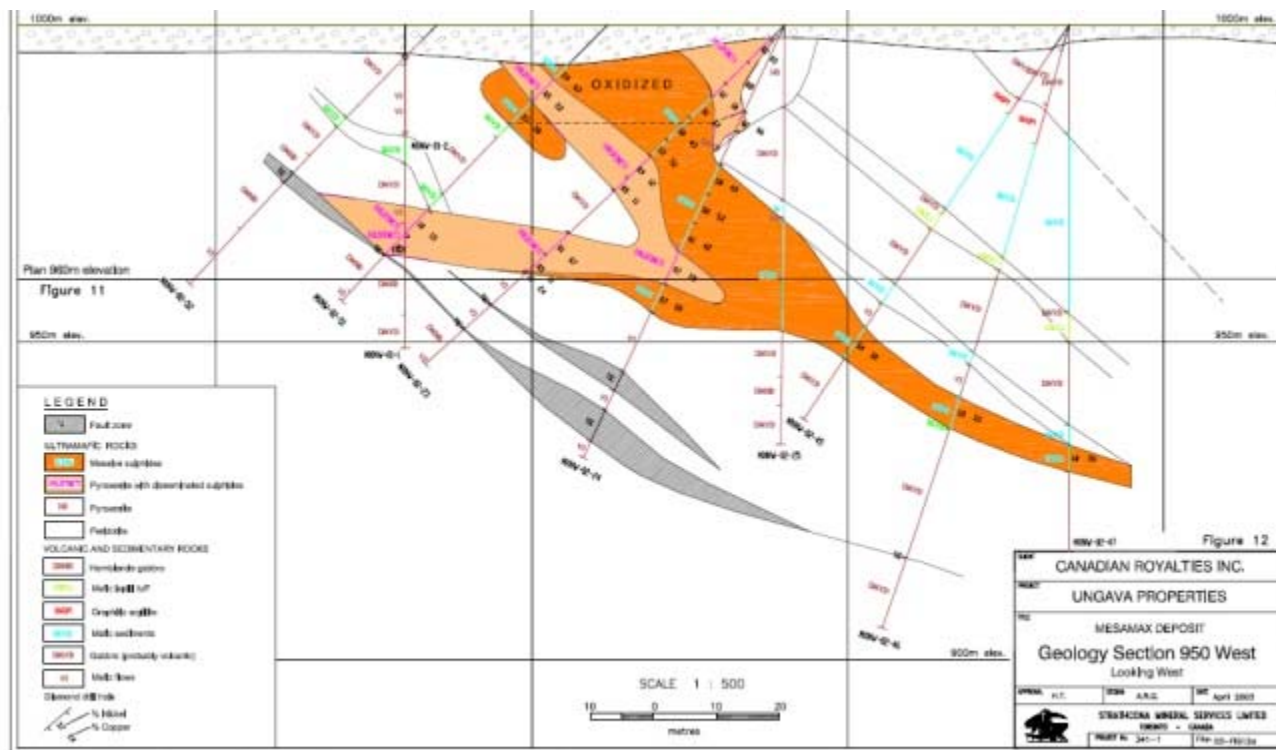


Figure 3.

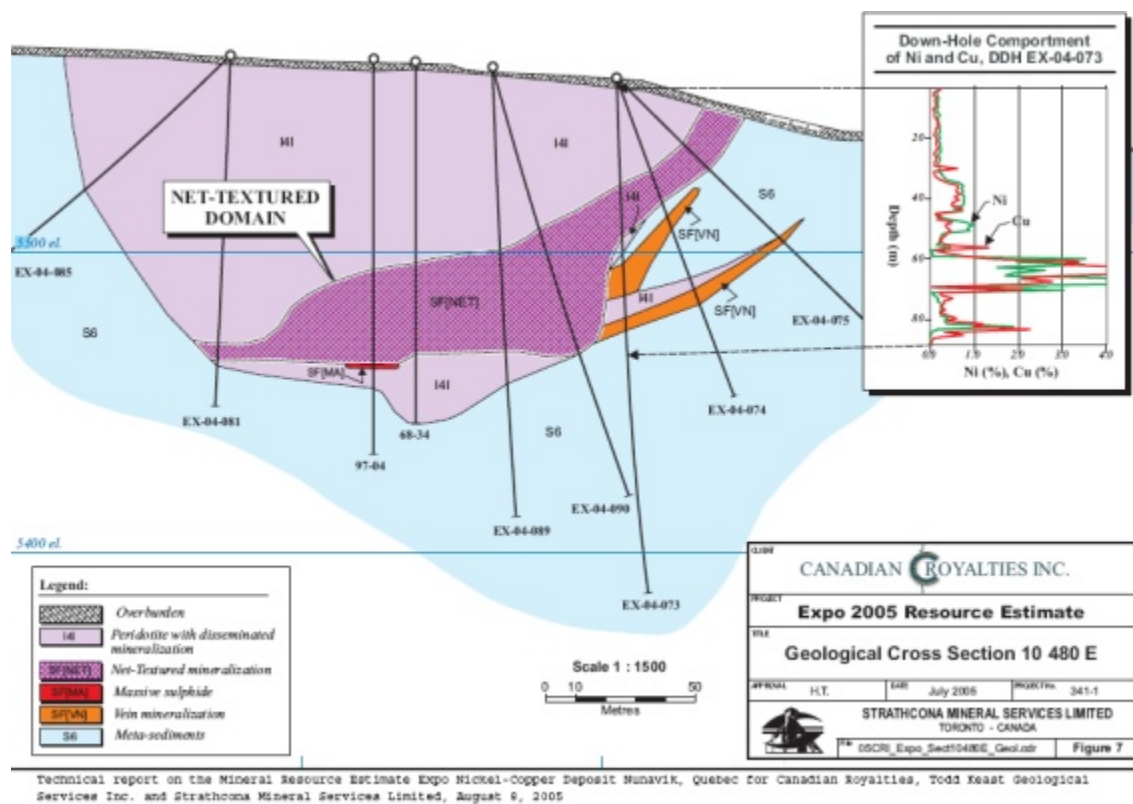


Figure 4.

Resources and Reserves

Mineral resources and reserves have been estimated and reported for the Expo Ungava property compliant with Canadian regulation National Instrument 43-101. Reserves have been estimated for the Expo and Ungava deposits while resources only have been estimated for Allammaq and Mequillon deposits. The property hosts only “indicated” and “inferred” resources which are not recognized as reserves in filings to the United States Securities Commission. The property does not currently host reserves in the “proven” category.

Resources

General Methodology and Cutoff Grade: The resources for the Allammaq and Mequillon deposits were estimated using a conventional block model method where the resource blocks are constrained by a geologically interpreted 3-dimensional volume. Metal grades of Ni, Cu, Co, Pt, Pd, and Au are estimated for each block as well block volume and block density. Based on grade, a block \$ value or “NSR” value (i.e. \$/tonne) is then determined for each block using metal prices, exchange rates, factors for metal recovery and payable metal, refining charges, concentrate shipping charges, smelter treatment charges, and shipping costs. The block model is then evaluated against a cutoff “grade” value where the value is based on estimated operating costs. Blocks with an NSR value above the cutoff value are resource and those below cutoff value are not resource. The distinction of resource and waste is also based on an inspection of the block model for continuity of resource blocks. The factors used to establish the block NSR are:

NSR Cut Off Grade Calc. Components	Allammaq	Mequillon
\$C/\$US (Exchange Rate)	\$0.09	\$0.80
Ni Price	US \$8.0/lb (\$8.891b)	US\$5.50/lb (\$6.88/lb)
Cu Price	US \$2.00/lb (\$2.22/lb)	US\$1.53/lb (\$1.83/lb)
Co Price	US \$25/lb (\$27.78/lb)	US \$15/lb (\$18.75/lb)
Au Price	US \$600/oz (\$667oz)	US \$425/oz (\$531/oz)
Pt Price	US \$1,100/oz (\$1,222/oz)	US\$ 900/oz (\$1,125/oz)
Pd Price	US \$300/oz (\$333/oz)	US \$300/oz (\$375/oz)
Net Textured Ni Concentrate		
Ni Flotation Recovery	79%	84%
Cu Flotation Recovery	7%	22%
Co Flotation Recovery	0%	0%
Au Flotation Recovery	0%	0%
Pt Flotation Recovery	43%	45%
Pd Flotation Recovery	26%	41%
Concentration Ratio	15.0:1	15.4:1
Ni Smelter Payable	92%	92%
Cu Smelter Payable	90%	90%
Co Smelter Payable	0%	0%
Au Smelter Payable	0%	0%
Pt Smelter Payable	65%	65%
Pd Smelter Payable	65%	65%
Net Textured Cu Concentrate:		
Ni Flotation Recovery	2%	2%
Cu Flotation Recovery	89%	64%
Co Flotation Recovery	0%	0%
Au Flotation Recovery	0%	0%
Pt Flotation Recovery	9%	30%
Pd Flotation Recovery	67%	47%
Concentration Ratio	32.4:1	47.6:1
Ni Smelter Payable	0%	0%
Cu Smelter Payable	97%	97%
Co Smelter Payable	0%	0%
Au Smelter Payable	0%	0%
Pt Smelter Payable	42%	57%
Pd Smelter Payable	69%	68%

Massive Sulphide & Vein Ni Concentrate		
Ni Flotation Recovery	82%	
Cu Flotation Recovery	6%	
Co Flotation Recovery	0%	
Au Flotation Recovery	0%	
Pt Flotation Recovery	52%	
Pd Flotation Recovery	61%	
Concentration Ratio	4.6:1	
Ni Smelter Payable	92%	
Cu Smelter Payable	90%	
Co Smelter Payable	0%	
Au Smelter Payable	0%	
Pt Smelter Payable	65%	
Pd Smelter Payable	65%	
Massive Sulphide & Vein Cu Concentrate		
Ni Flotation Recovery	3%	
Cu Flotation Recovery	92%	
Co Flotation Recovery	0%	
Au Flotation Recovery	0%	
Pt Flotation Recovery	14%	
Pd Flotation Recovery	36%	
Concentration Ratio	32.4:1	
Ni Smelter Payable	0%	
Cu Smelter Payable	97%	
Co Smelter Payable	0%	
Au Smelter Payable	0%	
Pt Smelter Payable	23%	
Pd Smelter Payable	56%	
Ni Refining Charges	US \$0.50/lb(0.56/lb)	US \$0.50/lb(0.56/lb)
Cu Refining Charges	US \$0.10/lb(0.11/lb)	US \$0.10/lb(0.13/lb)
Co Refining Charges	US \$3.00/lb(3.33/lb)	US \$3.00/lb(3.75/lb)
Au Refining Charges	US \$15.00/oz(\$16.67/oz)	US \$15.00/oz(\$18.75/oz)
Pt Refining Charges	US \$15.00/oz(\$16.67/oz)	US \$15.00/oz(\$18.75/oz)
Pd Refining Charges	US \$15.00/oz(\$16.67/oz)	US \$15.00/oz(\$18.75/oz)
Ni Smelter Treatment Charges	US \$125/tonne	US \$125/tonne
Cu Smelter Treatment Charges	US \$103/tonne	US \$103/tonne
Concentrate Shipping	US \$54/tonne	US \$54/tonne
Humidity Factor	8%	8%

Source: Technical reports: 1) Technical report and resource estimate on the Allammaq N-Cu-PGE deposit Nunavik Nickel Project, Nunavik, Quebec, , P&E Mining Consultants, May 30, 2008. and 2) Technical report and preliminary economic assessment of the Mequillon Ni-C-PGE deposit, Nunavik Nickel Project, Nunavik, Quebec, P&E Mining Consultants, March 20, 2008

Estimated operating costs for the Mequillon and Allammaq deposits and therefore the resource cut off NSR value are:

Deposit and Mining Method	\$CDN per tonne
Estimated Operating Costs Mequillon Underground	\$43
Estimated Operating Costs Mequillon Open Pit	\$75
Estimated Operating Costs Allammaq Underground	\$115

Source: Technical reports: 1) Technical report and resource estimate on the Allammaq N-Cu-PGE deposit Nunavik Nickel Project, Nunavik, Quebec, , P&E Mining Consultants, May 30, 2008. and 2) Technical report and preliminary economic assessment of the Mequillon Ni-C-PGE deposit, Nunavik Nickel Project, Nunavik, Quebec, P&E Mining Consultants, March 20, 2008.

Indicated Resources

Cautionary Note to U.S. Investors concerning estimates of Indicated Resources. This section uses the term "indicated resources." We advise U.S. investors that these terms are not recognized by the U.S. Securities and Exchange Commission. The estimation of measured resources and indicated resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. U.S. investors are cautioned not to assume that mineral resources in these categories will ever be converted into reserves.

The indicated resources for the Allammaq and Mequillon deposits are tabulated below:

Classification	Deposit	Tonnes	Ni (%)	Cu(%)	Co(%)	Au(%)	Pt(g/t)	Pd(g/t)
Indicated	Mequillon	5,374,000	0.7	1.0	0.0	0.2	0.7	2.6
Indicated	Allammaq	2,065,000	1.3	1.5	0.0	0.1	0.7	3.1
Total Indicated		7,439,000	0.0	1.1	0.0	0.2	0.7	2.7

Source: Technical reports: 1) Technical report and resource estimate on the Allammaq N-Cu-PGE deposit Nunavik Nickel Project, Nunavik, Quebec, , P&E Mining Consultants, May 30, 2008. and 2) Technical report and preliminary economic assessment of the Mequillon Ni-C-PGE deposit, Nunavik Nickel Project, Nunavik, Quebec, P&E Mining Consultants, March 20, 2008

Inferred Resources

Cautionary Note to U.S. Investors concerning estimates of Inferred Resources. This section uses the term "inferred resources." We advise U.S. investors that this term is not recognized by the U.S. Securities and Exchange Commission. The estimation of inferred resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. U.S. investors are cautioned not to assume that estimates of inferred mineral resources exist, are economically minable, or will be upgraded into measured or indicated mineral resources.

The inferred resources are tabulated below:

Classification	Deposit	Tonnes	Ni (%)	Cu(%)	Co(%)	Au(%)	Pt(g/t)	Pd(g/t)
Inferred	Mequillon	3,085,000	0.8	1.1	0.0	0.1	0.6	2.5
Inferred	Allammaq	461,000	1.9	1.8	0.0	0.1	0.8	2.6
Total Inferred		3,546,000	0.9	1.2	0.0	0.1	0.6	2.5

Source: Technical reports: 1) Technical report and resource estimate on the Allammaq N-Cu-PGE deposit Nunavik Nickel Project, Nunavik, Quebec, , P&E Mining Consultants, May 30, 2008. and 2) Technical report and preliminary economic assessment of the Mequillon Ni-C-PGE deposit, Nunavik Nickel Project, Nunavik, Quebec, P&E Mining

Consultants, March 20, 2008.

Reserves

General Methodology: Reserves have been estimated for the Expo and Mesamax deposits in accordance with Canadian National Instrument 43-101. The reserves for both deposits are based on open pit mine designs. The reserve estimation procedure consists of evaluation of the resource block model utilizing pit optimization software to compute, based on block NSR, the cost, revenue, and net income for each block. Probable reserves have been estimated only. No proven reserves have been established for the property. The parameters for the estimation of block value for the potential reserve blocks (NSR) are:

\$C/\$US (Exchange Rate	\$0.89			
Ni Price	US \$6 00/lb			
Cu Price	US \$1 50/lb			
Co Price	-			
Au Price	-			
Pt Price	US \$900/oz			
Pd Price	US \$300/oz			
Product Recoveries to Nickel Concentrate				
Ore Type:	<u>Massive</u>	<u>Oxide</u>	<u>Mesamax Net</u>	<u>Expo Net</u>
Nickel%	81.8	50.4	79.0	84.0
Copper %	6.4	3.0	7.0	22.0
Cobalt %	-	-	-	-
Gold %	-	-	-	-
Platinum %	51.7	31.4	43.0	45.0
Palladium %	61.0	48.5	25.8	41.0
Concentrate ratios	4.58:1	5.6:1	14.96:1	15.38:1
Product Recoveries to Copper Concentrate				
Nickel%	32	4.	2.	2.
Copper %	92.0	96.2	89.4	64.0
Cobalt %	-	-	-	-
Gold %	-	-	-	-
Platinum %	14.4	15.1	8.1	30.0
Palladium %	36.0	17.9	66.7	47.0
Concentrate ratios	6.3:1	4.64:1	32.44:1	47.62:1
Payable Quantities in Nickel Concentrate				
Nickel%	92	92	92	92
Copper %	90	90	90	90
Platinum %	65	65	65	65
Palladium %	65	65	65	65
Payable Quantities in Copper Concentrate				
Nickel %	0	0	0	0
Copper %	96.5	96.5	96.5	96.5
Platinum %	23.3	35	35	57.3
Palladium %	56	31.1	31.1	67.9
Ni Refining Charges			US \$0.50/lb(0.56/lb)	
Cu Refining Charges			US \$0.10/lb(0.11/lb)	
Co Refining Charges				
Au Refining Charges				
Pt Refining Charges			US \$15.00/oz(\$16.67/oz)	
Pd Refining Charges			US \$15.00/oz(\$16.67/oz)	
Ni Smelter Treatment Charges			US \$125/tonne	

Cu Smelter Treatment Charges
Concentrate Shipping

US \$103/tonne
US \$58/tonne

Source: Technical reports: 1) Raglan South Nickel Project Technical Report, SNC Lavalin, July 20, 2007 and 2) Raglan South Nickel Project, Nunavik Quebec Technical Report and Preliminary Economic Assessment on the Mequillon, Mesamax, Expo, and Ivakkak deposits for Canadian Royalties Inc., P and E Mining Consultants and Roche Ltd. Consulting Group, July 24, 2006.

The estimated operating costs for the reserve estimation are:

Deposit	Cost (CDN \$/tonne)				Total Operating Cos
	Mining	Ore Transport to Mill	Processing	Review	
Mesamax	\$4.19	\$1.64	\$29.52	\$22.66	\$54.12
Expo	\$3.36	-	\$24.97	\$17.36	\$42.33

Source: Raglan South Nickel Project Technical Report, SNC Lavalin, July 20, 2007

The probable reserve tonnage and grades, including waste tonnes and stripping ratio from the pit designs are:

	Ore Tonnes	Ni	Cu	Co	Au	Pt	Pd	Waste Tonnes	Stripping Ratio Waste(t)/Ore(t)
Mesamax	2,077,000	1.85	2.49	0.07	0.19	0.95	3.46	5,704,000	2.75
Expo	7,843,000	0.68	0.69	0.04	0.07	0.29	1.25	29,834,000	3.80

Source: Raglan South Nickel Project Technical Report, SNC Lavalin, July 20, 2007

Employees

We currently do not have any employees on our payroll. Services are provided on an as needed basis as follows:

Glen Erikson

In January 2007, Nearctic Nickel Mines Inc. entered into a Consulting Services Agreement with 1645194 Ontario Inc. ("1645194") and in April 2007 Ungava Mines Inc. entered into a Consulting Services Agreement with 1645194. ("the Agreements") Under the Agreements, 1645194 makes Glen Erikson available to render advice and services to both corporations and their subsidiaries and/or affiliates, in connection with the development and operation of their corporate, financial and litigation affairs. In January 2008, the role to be assumed by Glen Erikson was extended to President of both corporations. 1645194 receives a monthly fee of \$8,000 from each of Nearctic Nickel Mines Inc. and Ungava Mines Inc. Each agreement is for a period of one year and is renewable thereafter from month to month and may be terminated by either party giving 60 days notice to the other. Glen Erikson provides services to companies other than Nearctic Nickel Mines Inc. and Ungava Mines Inc. and Glen Erikson operates from his own premises. As a result, Glen Erikson is not considered to be an employee of the Corporation.

Alan Rootenberg

In March 2007, the Corporation agreed with The M&S Group Inc. to make Alan Rootenberg available to the Corporation to provide chief financial officer functions to the Corporation and its subsidiaries. The M&S Group Inc. charges a fee based on the number of hours that Alan Rootenberg provides to the Corporation. The services provided by Alan Rootenberg are provided both from his own premises and from the Corporation's offices. His services are not provided exclusively to the Corporation. As a result, Alan Rootenberg is not considered to be an employee of the Corporation.

The Corporation does not have contracts with any of its other executives or its directors. Directors do not receive any compensation for services provided in their capacity as directors. Where a director or other executive provides specific services beyond a reasonable amount of time, they are compensated based on a negotiated hourly rate.

Part B Share Structure and Issuance History**Item VIII The exact title and class of securities outstanding**

The company's current share capital is comprised of 28,363,276 issued and outstanding common shares with no par value.

Item IX Description of securities

- A. Our common shares have no par value
- B. Common shares
- 1) We do not have limitations or restrictions upon the rights of our Board of Directors to declare dividends, and we may pay dividends on our shares in cash, property, or our own shares, except when we are insolvent or when the payment thereof would render us insolvent.
 - 2) Holders of our common shares are entitled to receive ratably such dividends as may be declared by the Board out of funds legally available therefore. In the event of our liquidation, dissolution or winding up, holders of common shares are entitled to share ratably in the assets remaining after payment of liabilities.
 - 3) Holders of our common shares have no preemptive, conversion or redemption rights.
 - 4) We do not have any provision in our charter or by-laws that would delay, defer or prevent a change in control of our Company.

The Company's trading symbol on the Pink Sheets market is NNMIF. The Company's CUSIP number is 639498104.

Item X Shares outstanding

The number of shares or total amount of the securities outstanding for each class of securities authorized.

Period end date	August 22, 2008	May 31, 2008	November 30, 2007	November 30, 2006
Number of shares authorized	Unlimited	Unlimited	Unlimited	Unlimited
Number of shares outstanding	28,363,276	28,263,276	28,263,276	25,596,610
Freely tradable shares (public float)	22,263,276	22,263,276	22,263,276	25,596,610
Total number of shareholders of record	691	690	688	685

Item XI

Changes in our share capital within the two year period since our most recent fiscal year end and since our most recent fiscal quarter:

	Capital share		Common share
	Number	Amount	purchase warrants
Balance, November 30, 2005	18,296,610	3,712,744	-
Units issued for cash (<i>Note 2</i>)	3,300,000	1,199,797	450,203
Units issued in settlement of balances owing to related parties (<i>Note 1</i>)	4,000,000	1,454,299	545,701
Balance, November 30, 2006	25,596,610	6,366,840	995,904
Units issued for cash (<i>note 3</i>)	2,666,666	1,177,785	822,215
Balance, November 30, 2007	28,263,276	\$ 6,887,283	\$ 2,467,012
Balance, May 31, 2008	28,263,276	\$ 6,887,283	\$ 2,467,012
Shares issued for cash (<i>note 5</i>)	100,000	\$ 10,000	-
Balance, August 22, 2008	28,363,276	\$ 6,897,283	\$ 2,467,012

Notes:

1. On July 4 006, the Company issued 4,000,000 units in satisfaction of \$2,000,000 of indebtedness to related parties. Each unit comprised one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$1.00 per share for a period originally set to expire two years from the date of issuance.
2. On July 4, 2006, the Company issued 3,300,000 units for cash proceeds of \$1,650,000 on the same terms as noted above.
3. On July 18, 2007, the Company completed a non-brokered private placement with Brownstone Ventures Inc. for gross proceeds of \$2,000,000. The Company issued 2,666,666 units at a price of \$0.75 per unit. Each unit consists of one common share and one common share purchase warrant exercisable into one common share for a period of 60 months at an exercise price of \$1.25.
4. The subscribers to the private placements noted in 1) and 2) above were:

	Shares Issued	Warrants Issued
Joseph Kochav Lev 579 Glen Grove Ave. Toronto, ON M6B 2H5 Canada	50,000	50,000
Jane Goldberg 162 Coldstream Ave. Toronto, ON M5N 1X9 Canada	50,000	50,000
Gundyo ITF Pinetree Resource Partnership 130 King Street West, Suite 2810, Toronto ON M5X 1A9 Canada	1,000,000	1,000,000
Richard Patricio 15 Northfield Court, Kleinberg, ON L0J 1C0 Canada	200,000	200,000
Inservice Limited The Armoury Building, 2nd Floor, 37 Reid Street, Hamilton, Bermuda	500,000	500,000
Juno Holdings Inc. PO Box N-3001 Nassau, The Bahamas	4,000,000	4,000,000
Research Capital ITF Pasquale DiCapo 234A Berry Road, Etobicoke, ON M8Y 1X6 Canada	500,000	500,000
HSBC Securities Inc. - ITF Lynn Factor 70 York Street, 9th Floor, Toronto ON M5J 1S9 Canada	1,000,000	1,000,000
Total	<u>7,300,000</u>	<u>7,300,000</u>

5. In July 2008, 100,000 stock options exercisable at \$0.10 were exercised for proceeds of \$10,000.

We have a Stock Option Plan (the "Plan") under which it is authorized to grant options to purchase up to 2,826,327

outstanding common shares of the Company to directors, senior officers, employees and/or consultants of the Company. The following options are issued and outstanding:

Options Exercisable	(a)	Exercise Price	Expiry Date
200,000	(b)	\$0.10	November 6, 2008
300,000	(c)	\$1.00	August 7, 2011
300,000	(d)	\$1.00	September 26, 2011
100,000	(e)	\$1.00	May 26, 2012
500,000	(f)	\$0.75	June 30, 2012
1,326,000	(g)	\$0.75	September 30, 2012

- (a) Other than the stock options listed below, in November 2006, 250,000 stock options exercisable at \$1.00, expiring October 31, 2011, were granted to an advisory firm. During the year, these stock options were cancelled and replaced by 250,000 stock options on the common shares of our subsidiary, Ungava Mines Inc.
- (b) In November 2003, 400,000 stock options exercisable at \$0.10 with an expiry date of November 6, 2008 were granted to directors and officers. A total of 100,000 stock options were exercised in the previous year. In July 2008, 100,000 stock options were exercised.
- (c) In August 2006, 300,000 stock options exercisable at \$1.00 with an expiry date of August 7, 2011 were granted to a former director and past President of our company.
- (d) In September 2006, 600,000 stock options exercisable at \$1.00, with an expiry date of September 26, 2011, were granted to directors and the President of our company. 300,000 stock options held by former directors have expired.
- (e) In June 2007, 100,000 stock options exercisable at \$1.00 with an expiry date of May 26, 2012 were granted to our Chief Financial Officer.
- (f) In July 2007, 600,000 stock options exercisable at \$ 0.75 with an expiry date of June 30, 2012 were granted to our directors. 100,000 stock options held by a former director have expired.
- (g) In October 2007, 1,326,000 stock options exercisable at \$0.75 with an expiry date of September 30, 2012 were granted to our directors and certain of our consultants.

Part C Management and Control Structure

Item XII Directors and senior management

A. Officers and Directors

The following table sets forth certain information concerning our directors and senior management.

Name	Business Address	Age	Position
Glen Erikson	160 Matheson Blvd. East, Mississauga, ON L4Z 1V4 Canada	56	President
Alan Rootenberg	160 Matheson Blvd. East, Mississauga, ON L4Z 1V4 Canada	56	Chief Financial Officer
Glen Gasparini	900 Keele Street Toronto ON M6N 3E7 Canada	55	Vice-President and Director
David L. Hynes	Suite 2200 181 University Avenue Toronto ON M5H 3M7 Canada	61	Secretary/Treasurer and Director
James G. Lavigne	1795 Windle Drive Sudbury ON P3E 2Y8 Canada	46	Director
Dr. Joseph Greenberg	619 Bathurst Street Toronto ON M5S 2P8 Canada	85	Director

Glen Erikson

Glen Erikson was appointed President of our Company on January 24, 2008. Glen is a graduate of the University of Toronto (1974) and Osgoode Hall Law School. He was called to the bar in Ontario in 1979. From 1982 until his retirement in 1996, he operated a legal practice in Toronto, Canada. In 1995 he was the founder of Nearctic Nickel Mines Inc., formerly Ungava Minerals Corp and a director of Nearctic Nickel Mines Inc. He resigned as a director of Nearctic Nickel Mines Inc. on June 16, 2003. Since 1996 he has been active as a consultant to Nearctic Nickel Mines Inc. and Ungava Mineral Exploration Inc. as an investor and in the biotechnology arena.

Alan Rootenberg

Mr. Rootenberg is the Chief Financial Officer of our Company since February 2007. He has served as a senior executive in a number of publicly traded and private companies. From December 1999 to January 2007, he served as President and Chief Executive Officer of a publicly traded (TSXV) technology company, Talware Networx Inc. The company develops applications for the human capital management industry and was responsible for the development of technologies used in a number of online talent management systems. He was a founding partner in DCST Inc., a company that pioneered the development of multimedia and new media applications for the advertising industry. From 1980 to 1994, he was involved in the advertising industry having served as Chief Financial Officer for Saffer Advertising Inc. from 1980 to 1986 and as Chief Financial Officer with Padulo Advertising Inc, from 1987 to 1994. Mr. Rootenberg has a Bachelor of Commerce degree from the University of the Witwatersrand in Johannesburg, South Africa and received his Chartered Accountant designation in both South Africa and in Ontario, Canada.

David L. Hynes

Mr. Hynes BSc. B.Ed. J.D. is a director and Secretary-Treasurer of our Company. He graduated from the University of Toronto Law School in 1971 and was called to the bar of Ontario in 1973. From March 1973 he has been engaged in private practice, focusing on commercial and corporate law.

James G. Lavigne

Mr. Lavigne is a director of our Company. He is presently a consulting geologist. From May 2004 to March 2006 he served as Vice President, Exploration with Goldbrook Ventures where he was responsible for exploration program design, implementation, and management; evaluation of property/project submissions; project generation; written and oral presentation of programs and results to senior management and investors; and the preparation of public disclosure documents. From January 2002 to April 2004 he served as Senior Geologist with FNX Mining Company. From January 1996 to December he held the posts of Senior Project Geologist and Senior Geologist with WMC International Inc. From January 1993 to December 1995 he consulted to a number of mining and exploration companies. From June 1987 to December 1992 he was an intern and later geologist with the Geological Survey of Canada. Mr. Lavigne has over 18 years experience in all phases of mineral exploration and development predominantly in base and precious metal mineral deposits with some exposure to industrial minerals. Mr. Lavigne received his MSc. Geology from the University of Ottawa

in 1993 and a BSc. Geology from Memorial University of Newfoundland in 1987.

Glen Gasparini

Mr. Gasparini is a director and Vice-President of our Company. He is the President of Terrazzo, Mosaic & Tile Company Limited, a manufacturer and supplier of floor coverings, having joined the company 1973 when he received his Honours B.A. from York University.

Dr. Joseph Greenberg

Dr. Greenberg is a director of our Company. Dr. Joseph Greenberg has been a physician in Toronto for over 50 years, running a family medicine practice. He received his M.D. degree from the University of Toronto in 1952.

The following table details the compensation paid to management of the Company:

Name and Position of Principal	Fiscal Year Ending Nov. 30	Annual Compensation			Long -Term Compensation Awards		Payouts LTIP Payouts (\$)	All Other Compensation (\$)
		Fees for management Services (\$)	Bonus for the Year (\$)	Other Annual Compensation (\$)	Securities Under Options/ SARs Granted (#)	Restricted Shares/ Units Awarded (#)		
Allan Miller(1)	2007	15,730	Nil	Nil	200,000	Nil	Nil	Nil
<i>President-</i>	2006	Nil	Nil	Nil	100,000	Nil	Nil	Nil
<i>2005to2007</i>	2005	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<i>Vice –President</i>								
<i>January 2008 to</i>								
<i>August 2008</i>								
Alan Rootenberg (2)	2007	69,407	Nil	Nil	100,000	Nil	Nil	Nil
<i>Chief Financial</i>	2006	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<i>Officer</i>	2005	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Joseph Kochav	2007	8,100	Nil	Nil	Nil	Nil	Nil	Nil
Lev(2)	2006	14,000	Nil	Nil	100,000	Nil	Nil	Nil
<i>Chief Financial</i>	2005	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<i>Officer</i>								
David Hynes	2007	Nil	Nil	Nil	200,000	Nil	Nil	Nil
<i>Secretary/Treasurer</i>	2006	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2005	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Glen Gasparini	2007	Nil	Nil	Nil	200,000	Nil	Nil	Nil
<i>Vice-President</i>	2006	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2005	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Allan Miller assumed the Presidency of the Corporation in September 2006. He resigned as President on January 24, 2008 to assume the role of Vice-President and resigned as Vice-President and Director on August 20, 2008. Glen Erikson replaced Dr. Miller as President on January 24, 2008.
- (2) In April 2007, Alan Rootenberg replaced Joseph Kochav Lev as Chief Financial Officer of the Corporation. The options granted to Joseph Kochav Lev expired on his leaving office.

B. Legal/Disciplinary History

Mr. Erikson was involved in an administrative proceeding before the Ontario Securities Commission in which decisions were rendered on September 30, 1998 and December 15, 1998. Mr. Erikson, counsel to two issuers, was held to have participated in a scheme which involved the resale of securities at excessive prices by selling shareholders and that was

considered abusive of the capital markets. There was no finding that Mr. Erikson benefited from those sales. Mr. Erikson was barred from trading in Ontario for a period of two years and remains subject to restrictions on the use of *Securities Act* exemptions in Ontario. He is, however, not barred from serving as an officer or director of a reporting issuer in Ontario.

In 2004, a Fairness Committee Report to the Ontario Securities Commission reported that there was “clear and convincing evidence” that structural change to the Ontario Securities Commission was needed and it recommended that it lose its adjudicative function. The Report found that there existed a “pervasive and widely held perception...that a “fair hearing” before the Commission cannot be obtained.” The Report found that the “Chair’s links with staff” created an “institutional commitment” to findings of guilt in high profile cases because the “Chair’s involvement in the important cases continues throughout the hearing.” It seems as a result that the adjudicative tribunals were inhibited in evaluating submissions or evidence offered by Commission staff and as a result “the Commission almost always appears to win”.

The Enforcement Branch of the Commission was referred to as a “black hole” within the Commission due to its oversight by the Chair alone to the exclusion of all other Commissioners. The Report admonished the Commission to “do nothing to exacerbate or contribute further to the problems on which we base our recommendations for change.” The Report recommended that legislation be passed to create a separate adjudicative tribunal and that the Commission lose the power to conduct in-house hearings. Chairman Brown subsequently resigned from the Commission before the end of his term.

C. Relationships

Any relationships between officers, directors and shareholders have been disclosed within this document

D. Related Party Transactions

On November 9, 2007, a loan of \$192,000 was issued to 1645194 Ontario Inc. (“1645194”), a related party of the company. Of this amount, \$96,000 was advanced by Nearctic Nickel Mines Inc. and \$96,000 was advanced by Ungava Mines Inc. The loans bear interest at 7% p.a. Of these amounts, \$8,000 has been repaid to Nearctic Nickel Mines Inc. and \$8,000 has been repaid to Ungava Mines Inc. At a joint meeting of the Boards of Directors of Nearctic Nickel Mines Inc. and Ungava Mines Inc. held in June 2008, it was unanimously agreed that the balance due to Nearctic Nickel Mines Inc. would be repaid out of a bonus in the amount of \$100,000 payable to 1645194 for services provided in 2008 and the balance due to Ungava Mines Inc. would be repaid out of a bonus in the amount of \$100,000 payable to 1645194 for services provided in 2008. 1645194 is controlled by the spouse of Mr. Glen Erikson, the president of our company.

Transactions with related parties are in the normal course of operations. The following provides information on transactions with those related parties with whom the Company either received revenue or paid expenses.

Dr. Miller is trustee of The Ungava Trust which is the beneficial owner of 5,104,462 shares of our company. Dr. Miller is also Trustee of The General Trust which indirectly exercises some control or direction over 2,160,000 shares held by Alberta Richwest Inc. Dr. Miller also has voting authority in respect of 6,731,473 shares beneficially owned by Juno Holdings Inc. Pursuant to a Pooling Agreement dated July 20, 2007 Brownstone Ventures Inc. agreed to pool 3,000,000 of its Company common shares with a like number of shares voted by Dr Miller as Trustee of the Ungava Trust which shares the Trustee will vote until July 4, 2013.

Pinetree Capital Inc. is the registered owner of 1,000,000 common shares of our company and Brownstone Ventures Inc., a company controlled by Pinetree Capital Inc., is the registered owner of 3,714,766 common shares of our company. Mr. Sheldon Inwentash is the President and CEO of Pinetree Capital Inc. and of Brownstone Ventures Inc. Mr. Inwentash is the owner of 2,469,800 common shares of our company and Lynn Inwentash, the spouse of Mr. Inwentash is the registered owner of 2,269,950 common shares of our company. 1350659 Ontario Inc., a trust for the children of Mr. Inwentash is the registered owner of 985,051 common shares of our company.

Related party transactions are on terms that are no less favorable than could have been obtained from unaffiliated third parties.

Item XIII**Beneficial Owners.**

The following table sets forth, the names and addresses of each person known to us to own more than 5% of our outstanding shares of common stock as of August 22, 2008 and by the officers and directors, individually and as a group. Except as otherwise indicated, all shares are owned directly.

Title of Class	Name and Address of Beneficial Owner (3)(4)	Amount and Nature of	
		Beneficial Ownership	Percent of Class
Common Stock	Dr. Allan Miller, 87 Findlay Avenue Ottawa ON Canada K1S 2V1	15,121,935 (1)	48.63%
Common Stock	Brownstone Ventures Inc. 130 King Street West Suite 2500, Toronto, ON Canada M5X 1A9	3,714,766(2)	11.94%
Common Stock	Sheldon Inwentash c/o Pinetree Capital Inc. 130 King Street West Suite 2500, Toronto, ON Canada M5X 1A9	2,469,800(2)	7.94%
Common Stock	Lynn Inwentash c/o Pinetree Capital Inc. 130 King Street West Suite 2500, Toronto, ON Canada M5X 1A9	2,269,950(2)	7.30%
Common Stock	Officers and directors as a group	15,121,935 (1)	48.63%

Item XIV The name, address, telephone number, and email address of each of the following outside providers that advise us on matters relating to the operations, business development and disclosure are:

Counsel
Robbie Grossman
Garfinkle, Biderman LLP
Suite 801, Dundee Place
1 Adelaide Street East
Toronto, Ontario M5C 2V9
tel: 416-869-1234 ex. 244
fax: 416-869-0547
e-mail: rgrossman@garfinkle.com

Audit and tax return preparation services are provided by:
MSCM LLP
701 Evans Avenue, 8th Floor
Toronto ON M9C 1A3 Canada
Tel: (416) 626-6000
Fax: (416) 626-8650
ssolecki@mscm.ca

MSCM LLP is an independent public accountant with respect to our Company within the meaning of the Securities Acts administered by the US Securities and Exchange Commission and the requirements of the Independence Standards Board.

Part D Financial Information

Item XV Financial information for the issuer's most recent fiscal period.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)

Interim Consolidated Financial Statements

May 31, 2008 and 2007

These interim consolidated financial statements for Nearctic Nickel Mines Inc. have been prepared in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles are set out in the November 30, 2007 audited consolidated financial statements. Only changes in accounting information have been disclosed in these interim consolidated financial statements. These interim consolidated financial statements are presented on an accrual basis of accounting. A precise determination of many assets and liabilities is dependent upon future events and accordingly, estimates and approximations have been made using careful judgment. Management is satisfied that these interim consolidated financial statements have been fairly presented.

The auditors of Nearctic Nickel Mines Inc. have not performed a review of these interim consolidated financial statements.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)

Table of Contents
May 31, 2008

	Page
Interim Consolidated Financial Statements	
Balance Sheets	1
Statements of Shareholders' Equity	2
Statements of Operations and Deficit	3
Statements of Cash Flows	4
Notes to Financial Statements	5-10

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Balance Sheets
(expressed in Canadian Dollars)
May 31, 2008 and November 30, 2007

	May 31 2008	November 30 2007
Assets		
Current assets		
Cash	\$ 12,610	\$ 71,172
Temporary investments	-	892,303
Marketable securities	76,504	-
Other receivables	112,267	73,640
Loan receivable <i>(Note 4)</i>	176,000	192,000
Prepaid expenses	-	15,000
Total current assets	377,381	1,244,115
Mineral resource properties <i>(Note 5)</i>	61,819	61,819
Total assets	\$ 439,200	\$ 1,305,934
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 524,538	\$ 449,851
Total current liabilities	524,538	449,851
Shareholders' equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued and outstanding 28,263,276		
(2007 – 28,263,276) common shares <i>(Note 6)</i>	6,887,283	6,887,283
Common share purchase warrants <i>(Note 7)</i>	2,467,012	2,467,012
Contributed surplus	2,110,276	2,110,276
Deficit accumulated during the exploration stage	(11,549,909)	(10,608,488)
Total shareholders' equity	(85,338)	856,083
Total liabilities and shareholders' equity	\$ 439,200	\$ 1,305,934

The accompanying notes are an integral part of these consolidated financial statements.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Statements of Shareholders' Equity
(expressed in Canadian Dollars)
May 31, 2008 and 2007

	Capital share		Common share	Contributed surplus	Deficit
	Number	Amount	purchase warrants		accumulated during the exploration stage
Shares issued for cash	1,416,666	\$ 425,000	\$ -	\$ -	\$ -
Shares issued on purchase of subsidiary	6,069,148	1,820,744	-	-	-
Net loss for the year	-	-	-	-	(97,094)
Balance, January 31, 1996	7,485,814	2,245,744	-	-	(97,094)
Shares issued on amalgamation	5,537,543	-	-	-	-
Amalgamation costs	-	-	-	-	(76,734)
Net loss for the period	-	-	-	-	(1,039,702)
Balance, November 30, 1996	13,023,357	2,245,744	-	-	(1,213,530)
Shares issued for exercise of warrants	3,878,333	1,156,500	-	-	-
Shares issued on exercise of stock options	50,000	50,000	-	-	-
Flow through shares issued	1,252,500	250,500	-	-	-
Net loss for the year	-	-	-	-	(526,717)
Balance, November 30, 1997	18,204,190	3,702,744	-	-	(1,740,247)
Net loss for the year	-	-	-	-	(591,342)
Balance, November 30, 1998	18,204,190	3,702,744	-	-	(2,331,589)
Net loss for the year	-	-	-	-	(215,523)
Balance, November 30, 1999	18,204,190	3,702,744	-	-	(2,547,112)
Net loss for the year	-	-	-	-	(1,210,260)
Balance, November 30, 2000	18,204,190	3,702,744	-	-	(3,757,372)
Net loss for the year	-	-	-	-	(186,300)
Balance, November 30, 2001	18,204,190	3,702,744	-	-	(3,943,672)
Net loss for the year	-	-	-	-	(862,785)
Balance, November 30, 2002	18,204,190	3,702,744	-	-	(4,806,457)
Shares issued on exercise of stock options	100,000	10,000	-	-	-
Adjustment for amalgamation and rounding	(7,580)	-	-	-	-
Net loss for the year	-	-	-	-	(757,519)
Balance, November 30, 2003	18,296,610	3,712,744	-	-	(5,563,976)
Net loss for the year	-	-	-	-	(365,621)
Balance, November 30, 2004	18,296,610	3,712,744	-	-	(5,929,597)
Net income for the year	-	-	-	-	7,738
Balance, November 30, 2005	18,296,610	3,712,744	-	-	(5,921,859)
Units issued for cash (Note 7)	3,300,000	1,199,797	450,203	-	-
Units issued in settlement of balances owing to related parties (Note 7)	4,000,000	1,454,299	545,701	-	-
Stock-based compensation (Note 9)	-	-	-	234,548	-
Net loss for the year	-	-	-	-	(1,354,471)
Balance, November 30, 2006	25,596,610	6,366,840	995,904	234,548	(7,276,330)
Units issued for cash (note 7)	2,666,666	1,177,785	822,215	-	-
Adjustment for extension of 7,300,000 warrants (note 8)	-	(648,893)	648,893	-	-
Stock-based compensation (Note 9)	-	-	-	1,875,728	-
Byron net liabilities	-	8,449	-	-	-
Net loss for the year	-	-	-	-	(3,332,158)
Balance, November 30, 2007	28,263,276	\$ 6,887,283	\$ 2,467,012	\$ 2,110,276	\$ (10,608,488)
Net loss for the six months ended May 31, 2008	-	-	-	-	(941,421)
Balance, May 31, 2008	28,263,276	\$ 6,887,283	\$ 2,467,012	\$ 2,110,276	\$ (11,549,909)

The accompanying notes are an integral part of these consolidated financial statements.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Statements of Operations and Deficit
(expressed in Canadian Dollars)
May 31, 2008 and 2007

	Three months ended May 31, 2008	Three months ended May 31, 2007	Six months ended May 31, 2008	Six months ended May 31, 2007
General and administrative expenses				
Professional fees	\$ 378,214	\$ 250,620	\$ 607,374	\$ 493,909
Consulting and management fees (Note 9)	76,606	65,611	153,044	91,297
Office and general	42,160	12,220	71,352	14,817
Travel	29,999	10,057	74,861	22,219
Reporting issuer costs	21,137	7,083	28,165	8,797
	548,116	345,591	(934,796)	631,039
Other income (expense)				
Interest earned	8,963	7,235	11,375	7,235
Writedown of marketable securities	(18,000)	-	(18,000)	-
Net loss for the period	(557,153)	(338,356)	(941,421)	(623,804)
Deficit, beginning of period	(10,992,756)	(7,561,778)	(10,608,488)	(7,276,330)
Deficit, end of period	\$(11,549,909)	\$ (7,900,134)	\$(11,549,909)	\$ (7,900,134)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)	\$ (0.03)	\$ (0.02)
Weighted average number of shares outstanding	28,263,276	25,596,610	28,263,276	25,596,610

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Statements of Cash Flows
(expressed in Canadian Dollars)
May 31, 2008 and 2007

	Three months ended May 31, 2008	Three months ended May 31, 2007	Six months ended May 31, 2008	Six months ended May 31, 2007
Cash flow from operating activities				
Net loss for the period	\$ (557,153)	\$ (338,356)	\$ (941,421)	\$ (623,804)
Items not involving cash:				
Writedown of marketable securities	18,000	-	18,000	-
	(539,153)	(338,356)	(923,421)	(623,804)
Net changes in non-cash working capital items:				
Decrease in loan receivable	-	-	16,000	-
(Increase in receivables and prepaid expenses	21,807	(5,574)	(23,627)	(26,962)
Increase (decrease) in accounts payable and accruals	183,900	(91,696)	74,687	1,178
	205,707	(97,270)	67,060	(25,784)
	(333,446)	(435,626)	(856,361)	(649,588)
Cash flow from investing activities				
Purchase of marketable securities	-	-	(94,504)	-
Redemption of (increase in) temporary investments	340,303	(103,475)	892,303	150,542
	340,303	(103,475)	797,799	150,542
Cash flow from financing activities				
Advance for shares to be issued	-	500,000	-	500,000
	-	500,000	-	500,000
Increase (decrease) in cash	6,857	(39,101)	(58,562)	954
Cash, beginning of period	5,753	50,989	71,172	10,934
Cash, end of period	\$ 12,610	\$ 11,888	\$ 12,610	\$ 11,888

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Financial Statements
(expressed in Canadian Dollars)
May 31, 2008 and 2007

1. Nature of Operations and Going Concern

The Company has an interest in a mineral property as described in Note 5. The property is the subject of a purported Bankable Feasibility Study ("BFS") which was issued in June 2007 by Canadian Royalties Inc. ("Canadian"). While the BFS indicates that a mine may be established on the mineral property, the continued operations of the Company and the recoverability of the amount shown for the mineral resource property are dependent upon the activities of Canadian, confirmation of the extent of the Company's ownership interest in the claims, the ability of the Company to obtain necessary ongoing financing and upon future profitable production from the mineral property, or alternatively upon the Company's ability to dispose of its interest on an advantageous basis. The Company has not earned any revenue from extraction activities to date and is therefore considered to be in the exploration stage.

These consolidated financial statements have been prepared according to Canadian generally accepted accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has suffered recurring losses from operations that raise doubt about its ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to maintain and enhance its resource properties and to meet ongoing administration expenses and related liabilities as they fall due.

2. Significant Accounting Policies

These interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The accounting policies followed are consistent with the most recently completed annual consolidated financial statements dated November 30, 2007. These interim consolidated financial statements should be read in conjunction with these year-end financial statements.

3. Corporate Organization

- a) In February 2007, the Company incorporated a wholly-owned subsidiary, Ungava Mines Inc. ("Mines"). In March 2007, the Company transferred its wholly-owned Quebec subsidiary, Ungava Mineral Exploration Inc. ("UMEI"), to Mines on a tax-free rollover basis. UMEI owns the interest in the mineral property described in Note 5. As part of the consideration, Mines agreed to pay \$500,000 to the Company and assume all future costs of the litigation related to the mineral property. It was also agreed that the Company has a half interest in any amounts recovered in certain pending litigation in Ontario.
- b) On August 22, 2007, through a series of transactions, the Company acquired control of Byron Americor Inc. ("Byron") an Ontario company whose common shares trade on the NASDAQ OTC BB market (UGVMF). In one transaction the Company acquired 14,131,638 Byron common shares for consideration of \$1,000. In another transaction, the Company transferred to Byron all the outstanding shares and share purchase warrants of Mines and 5,000,000 Company share purchase warrants exercisable at \$0.75 per share for five years in exchange for 75,868,339 Byron common shares and 10,000,000 Byron common share purchase warrants exercisable at \$0.75 per share for five years. After the transaction, 92,688,976 common shares of Byron were outstanding, of which 90,000,000 were held by the Company. Byron had been a shell company with nominal assets and limited liabilities.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Financial Statements
(expressed in Canadian Dollars)
May 31, 2008 and 2007

3. Corporate Organization - continued

c) By Articles of Amalgamation effective September 21, 2007, Byron and Mines amalgamated. The amalgamated company continues under the name Ungava Mines Inc.

4. Loan Receivable

This amount represents the balance of loans issued to 1645194 Ontario Inc. ("1645194"), a related party of the Company, by the Company and by Mines. At meetings of the Boards of Directors of the Company and of Mines held in June 2008, it was unanimously agreed that the balances due to the Company and to Mines would be repaid out of bonuses to be declared payable at a future date to 1645194, for services provided in 2008. 1645194 is controlled by the spouse of the President of the Company.

5. Mineral Resource Properties and Exploration Costs

Pursuant to an Agreement dated January 20, 1995, the Company acquired a 100% working interest in mineral rights to approximately 170 square kilometers of land located in the Ungava area of Ruperts Land, Quebec (the "Property"), subject to two 1% net smelter returns royalties. During a prior year the Property was written down to a nominal amount. This write-down occurred prior to the Agreement with Canadian Royalties Inc. (as noted below).

On January 12, 2001, the Company entered into an Agreement with Canadian Royalties Inc. ("Canadian") under which Canadian may earn up to an 80% interest in the Property. Canadian has been vested with a 70% interest in the Property. Under this Agreement, Canadian will earn a further 10% interest by producing a BFS on the Property, which is accepted by a financing bank or financing entity for the purpose of putting the Property into commercial production on a non-recourse basis. After Canadian has earned its 80% interest, the companies will enter into a joint venture.

The Company's joint venture interest will be subject to dilution for non contribution to subsequent ongoing exploration and development expenses incurred after the banker's acceptance of the BFS for purposes of financing the Property into commercial production and, if reduced to a 10% joint venture interest, will be automatically converted to a 1% net smelter returns royalty, which Canadian may purchase for \$1,500,000.

In June 2007, Canadian published the highlights of a BFS and on June 29, 2007 published a Technical Report relating to this BFS indicating that it was proceeding with permitting applications and an environmental and social impact analysis. The BFS proposes that the Property be put into production and mined in conjunction with a deposit owned by Canadian. Canadian has also announced that the BFS will be "updated" to include production from the Mequillon deposit on the Property. Canadian has released the first resource estimate on the Allammaq Deposit located on the Property. After Canadian has earned its 80% interest, the companies will enter into a joint venture to own, operate and further explore and develop the Property. Canadian has initiated the development of the Property as a Ni-Cu-PGE mining and milling operation. To date Canadian has obtained most but not all permits required for mining.

6. Capital Stock

No changes were made in the capital stock of the company during the period.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Financial Statements
(expressed in Canadian Dollars)
May 31, 2008 and 2007

7. Warrants

The exercise prices, expiry dates and the fair values assigned to the common share purchase warrants outstanding as at May 31, 2008, are as follows:

Warrants	Exercise Price	Fair Value	Expiry Date
7,300,000	\$1.00	\$ 1,644,797	See below
2,666,666	\$1.25	822,215	July 2012
		\$ 2,467,012	

At the Company's Annual General and Special Meeting of Shareholders held June 26, 2007, a majority of the disinterested shareholders approved a resolution that the term of the 7,300,000 warrants be extended from their original expiry date of July 4, 2008 to a date 18 months following the date on which the Company's common shares first trade on a recognized stock exchange, or on the OTCBB market in the United States.

8. Stock Options and Stock-Based Compensation

The Company's have Stock Option Plans under which each is authorized to grant options to purchase up to 10% of the outstanding common shares of the Company to directors, senior officers, employees and/or consultants of the Company. Options are generally for a term of up to five years from the date granted and vest immediately.

The following table reflects the continuity of options outstanding for Nearctic Nickel Mines Inc.:

	Options		Weighted Average Exercise Price	
	May 31, 2008	May 31, 2007	May 31, 2008	May 31, 2007
Outstanding	2,826,000	1,450,000	\$ 0.74	\$ 0.81

The weighted average remaining contractual life and weighted average exercise price of options outstanding and exercisable as at May 31, 2008 are as follows:

Options Outstanding				Number Exercisable		
Exercise Price	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price	
\$0.10 a)	300,000	\$0.10	0.43	300,000	\$0.10	
\$1.00 b)	300,000	\$1.00	3.17	300,000	\$1.00	
\$1.00 c)	300,000	\$1.00	3.30	300,000	\$1.00	
\$1.00 e)	100,000	\$1.00	3.97	100,000	\$1.00	
\$0.75 f)	500,000	\$0.75	4.06	500,000	\$0.75	
\$0.75 g)	1,326,000	\$0.75	4.31	1,326,000	\$0.75	
	2,826,000	\$0.74	3.61	2,826,000	\$0.74	

- a) In November 2003, 400,000 stock options exercisable at \$0.10 with an expiry date of November 6, 2008 were granted to directors and officers. A total of 100,000 stock options were exercised in the previous years. *See Note 12. Subsequent Events.*

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Financial Statements
(expressed in Canadian Dollars)
May 31, 2008 and 2007

8. Stock Options and Stock-Based Compensation - continued

- b) In August 2006, 300,000 stock options exercisable at \$1.00 with an expiry date of August 7, 2011 were granted to a former director and past President of the Company.
- c) In September 2006, 600,000 stock options exercisable at \$1.00, with an expiry date of September 26, 2011, were granted to directors and to the President of the Company. 300,000 stock options held by former directors have expired.
- d) In November 2006, 250,000 stock options exercisable at \$1.00, expiring October 31, 2011, were granted to an advisory firm of the Company. During the year, these stock options were cancelled and replaced by 250,000 stock options on the common shares of the Company's subsidiary, Ungava Mines Inc.
- e) On June 26, 2007, 100,000 stock options exercisable at \$1.00 with an expiry date of May 26, 2012, were granted to an officer of the Company.
- f) On July 31, 2007, 600,000 stock options exercisable at \$0.75 with an expiry date of June 30, 2012, were granted to the directors of the Company. 100,000 stock options held by a former director have expired.
- g) On October 3, 2007, 1,326,000 stock options exercisable at \$0.75 with an expiry date of September 30, 2012, were granted to the directors and certain consultants of the Company.

The following table reflects the continuity of options outstanding for Mines:

	Options		Weighted Average Exercise Price	
	May 31, 2008	May 31, 2007	May 31, 2008	May 31, 2007
Outstanding	9,000,000	-	\$ 0.60	\$ -

The weighted average remaining contractual life and weighted average exercise price of options outstanding and exercisable as at May 31, 2008 are as follows:

Options Outstanding			Number Exercisable		
Exercise Price	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price
\$ 0.60 a)	8,600,000	\$ 0.60	4.25	8,600,000	\$ 0.60
\$ 0.60 b)	400,000	\$ 0.60	0.33	400,000	\$ 0.60
	9,000,000	\$ 0.60	4.06	9,000,000	\$ 0.60

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Financial Statements
(expressed in Canadian Dollars)
May 31, 2008 and 2007

8. Stock Options and Stock-Based Compensation – continued

- a) On October 3, 2007, 6,200,000 stock options exercisable at \$0.60 with an expiry date of September 30, 2012, were granted to the directors and certain consultants of Mines. On October 18, 2007 2,400,000 stock options exercisable at \$0.60 with an expiry date of September 30, 2012, were granted to the directors and certain consultants of Mines.
- b) On October 3, 2007, 400,000 stock options exercisable at \$0.60 with an expiry date of September 30, 2008, were granted to certain consultants of Mines.

9. Related Party Transactions

- (i) The Company paid \$152,213 (2007 \$91,297) in connection with services provided by officers of the Company.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

10. Income Taxes

The Company has available approximately \$5,910,000 in non-capital loss carry forwards which can be used to reduce future taxable income. The potential benefit of these losses has not been recognized in these interim financial statements. These losses expire to the extent unutilized by future taxable income in the years ending 2027.

11. Legal Actions and Contingencies

e) The Company's wholly owned subsidiary, UMEI, is a plaintiff in two actions, commenced against various parties, which are pending. The action in Ontario is for breach of contract and relates to the study of a rock sample collection gathered on UMEI's Property. In the course of this action, UMEI learned that defendants had formed a collaboration with others who had trespassed and separately obtained samples from the Property. UMEI is currently seeking to have these other parties joined as co-defendants in the action. The action in Quebec is against parties who UMEI alleges, trespassed onto UMEI's property in 1998, wrote a false and misleading Assessment Report, produced a falsified version of a geologist Report during the 2002 arbitration proceeding with Canadian and against parties who are alleged to have given false testimony at the 2002 arbitration. After the end of the period, a Decision of the Quebec Court of Appeal decided that the action against the individuals who are directors of Canadian cannot proceed. The Company is reviewing that Decision to decide on its course of action.

f) UMEI and certain past and present officers and directors have been named in a Quebec legal action filed by Canadian and two directors of Canadian. Damages in the amount of \$1,550,000 and reimbursement of fees, disbursements and taxes in the amount of \$741,933 for multiplicity of proceedings instituted against them by the Company are sought, as well as other relief. UMEI intends to defend itself and its directors in this action. No liability has been recorded in the consolidated financial statements. Any loss which might occur as a result of this action would be charged against earnings in the year incurred.

g) UMEI is named in a Quebec legal action whereby 582556 Alberta Inc. ("582556") seeks the cancellation of the conveyance by which it transferred its 1% net smelter returns royalty in the Ungava

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Financial Statements
(expressed in Canadian Dollars)
May 31, 2008 and 2007

Property to Canadian. The conveyance occurred at the same time that an 80% interest in the Property was optioned to Canadian. No damages are, however, claimed against UMEI.

11. Legal Actions and Contingencies - continued

- h) In September 2007 Canadian made a demand that it be vested in a further 10% interest in the Property and demanded arbitration. That demand is being resisted. An arbitration process has commenced.

12. Subsequent Events

In July 2008, 100,000 stock options exercisable at \$0.10 were exercised for proceeds of \$10,000.

Item XV Financial information for the issuer's two preceding fiscal years.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)

Consolidated Financial Statements

November 30, 2007 and 2006

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)

Table of Contents
November 30, 2007 and 2006

	Page
Auditors' Report	1
Consolidated Financial Statements	
Balance Sheets	2
Statements of Shareholders' Equity	3
Statements of Operations, Comprehensive Loss and Deficit	4
Statements of Cash Flows	5
Notes to Financial Statements	6-20

Auditors' Report

To the Shareholders of
Nearctic Nickel Mines Inc.

We have audited the consolidated balance sheets of Nearctic Nickel Mines Inc. (formerly Ungava Minerals Corp.) (An Exploration Stage Company) as at November 30, 2007 and 2006 and the consolidated statements of operations, comprehensive loss, deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2007 and 2006, the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Signed: "MSCM LLP"
Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
January 21, 2008

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Consolidated Balance Sheets
(expressed in Canadian Dollars)
November 30, 2007 and 2006

	2007	2006
Assets		
Current assets		
Cash	\$ 71,172	\$ 10,934
Temporary investments	892,303	400,542
Other receivables (Note 10)	73,640	20,613
Loans receivable (Note 5)	192,000	-
Prepaid expenses	15,000	3,850
Total current assets	1,244,115	435,939
Mineral resource properties (Note 6)	61,819	61,819
Total assets	\$ 1,305,934	\$ 497,758
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 449,851	\$ 176,796
Total current liabilities	449,851	176,796
Shareholders' equity		
Capital stock		
Authorized		
Unlimited common shares		
Issued and outstanding 28,263,276		
(2006 – 25,596,610) common shares (Note 7)	6,887,283	6,366,840
Common share purchase warrants (Note 8)	2,467,012	995,904
Contributed surplus (Note 9)	2,110,276	234,548
Deficit accumulated during the exploration stage	(10,608,488)	(7,276,330)
Total shareholders' equity	856,083	320,962
Total liabilities and shareholders' equity	\$ 1,305,934	\$ 497,758

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board:

Signed: "David Hynes"

Director

Signed: "Glen Gasparini"

Director

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Consolidated Statements of Shareholders' Equity
(expressed in Canadian Dollars)
November 30, 2007 and 2006

	Capital share		Common share		Deficit
	Number	Amount	purchase warrants	Contributed surplus	accumulated during the exploration stage
Shares issued for cash					
Shares issued on purchase of subsidiary	1,416,666	\$ 425,000	\$ -	\$ -	\$ -
Net loss for the year	6,069,148	1,820,744	-	-	-
	-	-	-	-	(97,094)
Balance, January 31, 1996	7,485,814	2,245,744	-	-	(97,094)
Shares issued on amalgamation	5,537,543	-	-	-	-
Amalgamation costs	-	-	-	-	(76,734)
Net loss for the period	-	-	-	-	(1,039,702)
Balance, November 30, 1996	13,023,357	2,245,744	-	-	(1,213,530)
Shares issued for exercise of warrants	3,878,333	1,156,500	-	-	-
Shares issued on exercise of stock options	50,000	50,000	-	-	-
Flow through shares issued	1,252,500	250,500	-	-	-
Net loss for the year	-	-	-	-	(526,717)
Balance, November 30, 1997	18,204,190	3,702,744	-	-	(1,740,247)
Net loss for the year	-	-	-	-	(591,342)
Balance, November 30, 1998	18,204,190	3,702,744	-	-	(2,331,589)
Net loss for the year	-	-	-	-	(215,523)
Balance, November 30, 1999	18,204,190	3,702,744	-	-	(2,547,112)
Net loss for the year	-	-	-	-	(1,210,260)
Balance, November 30, 2000	18,204,190	3,702,744	-	-	(3,757,372)
Net loss for the year	-	-	-	-	(186,300)
Balance, November 30, 2001	18,204,190	3,702,744	-	-	(3,943,672)
Net loss for the year	-	-	-	-	(862,785)
Balance, November 30, 2002	18,204,190	3,702,744	-	-	(4,806,457)
Shares issued on exercise of stock options	100,000	10,000	-	-	-
Adjustment for amalgamation and rounding	(7,580)	-	-	-	-
Net loss for the year	-	-	-	-	(757,519)
Balance, November 30, 2003	18,296,610	3,712,744	-	-	(5,563,976)
Net loss for the year	-	-	-	-	(365,621)
Balance, November 30, 2004	18,296,610	3,712,744	-	-	(5,929,597)
Net income for the year	-	-	-	-	7,738
Balance, November 30, 2005	18,296,610	3,712,744	-	-	(5,921,859)
Units issued for cash (Note 7)	3,300,000	1,199,797	450,203	-	-
Units issued in settlement of balances owing to related parties (Note 7)	4,000,000	1,454,299	545,701	-	-
Stock-based compensation (Note 9)	-	-	-	234,548	-
Net loss for the year	-	-	-	-	(1,354,471)
Balance, November 30, 2006	25,596,610	6,366,840	995,904	234,548	(7,276,330)
Units issued for cash (note 7)	2,666,666	1,177,785	822,215	-	-
Adjustment for extension of 7,300,000 warrants (note 8)	-	(648,893)	648,893	-	-
Stock-based compensation (Note 9)	-	-	-	1,875,728	-
Byron net liabilities	-	8,449	-	-	-
Net loss for the year	-	-	-	-	(3,332,158)
Balance, November 30, 2007	28,263,276	\$ 6,887,283	\$ 2,467,012	\$ 2,110,276	\$ (10,608,488)

The accompanying notes are an integral part of these consolidated financial statements.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Consolidated Statements of Operations, Comprehensive Loss and Deficit
(expressed in Canadian Dollars)
November 30, 2007 and 2006

	Year ended November 30, 2007	Year ended November 30, 2006	Cumulative from September 6, 1995 (inception) to November 30, 2007
General and administrative expenses			
Stock-based compensation (<i>Note 9</i>)	\$ 1,875,728	\$ 234,548	\$ 2,110,276
Professional fees	947,188	382,726	2,869,943
Consulting and management fees (<i>Note 10</i>)	390,418	64,000	1,489,237
Travel	47,320	8,207	81,764
Office and general	59,575	8,778	1,046,250
Reporting issuer costs	33,486	15,094	56,766
Interest	-	669,604	669,604
Amalgamation costs	-	-	25,000
Write-off of mineral resource properties and exploration costs	-	-	1,436,956
Write-down of equipment	-	-	44,354
Amortization	-	-	76,376
	3,353,715	1,382,957	9,906,526
Other income (expense)			
Interest earned	21,557	-	21,557
Gain on sale of marketable securities	-	28,486	169,835
Write-down of marketable securities	-	-	(816,620)
	21,557	28,486	(625,228)
Net loss and comprehensive loss for the period	(3,332,158)	(1,354,471)	(10,531,754)
Amalgamation costs	-	-	(76,734)
Deficit, beginning of period	(7,276,330)	(5,921,859)	-
Deficit, end of period	\$ (10,608,488)	\$ (7,276,330)	\$ (10,608,488)
Basic and diluted loss per share	\$ (0.12)	\$ (0.06)	
Weighted average number of shares outstanding	26,692,500	21,296,610	

The accompanying notes are an integral part of these consolidated financial statements.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Consolidated Statements of Cash Flows
(expressed in Canadian Dollars)
November 30, 2007 and 2006

	Year ended November 30, 2007	Year ended November 30, 2006	Cumulative from September 6, 1995 (inception) to November 30, 2007
Cash flow from operating activities			
Net loss for the period	\$ (3,332,158)	\$ (1,354,471)	\$ (10,531,754)
Items not involving cash:			
Write-off of mineral resource properties and exploration costs	-	-	1,436,956
Stock-based compensation	1,875,728	234,548	2,110,276
Gain on sale of marketable securities	-	(28,486)	(169,835)
Write-down of marketable securities	-	-	816,620
Amortization	-	-	76,376
Write-down of equipment	-	-	44,354
	(1,456,430)	(1,148,409)	(6,217,007)
Net changes in non-cash working capital items:			
Increase in loan receivable	(192,000)	-	(192,000)
Increase in receivables and prepaid expenses	(64,177)	(7,372)	(85,989)
Increase (decrease) in accounts payable and accruals	273,055	(108,365)	568,834
	(1,439,552)	(1,264,146)	(5,926,162)
Cash flow from investing activities			
Mineral resource property and exploration costs	-	-	(679,876)
Purchase of equipment	-	-	(120,730)
Amalgamation costs	-	-	(76,734)
Proceeds from sale of marketable securities	-	28,486	1,826,903
Net liabilities of Byron Americor Inc. assumed	(8,449)	-	(8,449)
Purchase of temporary investments	(491,761)	(404,522)	(2,328,135)
	(500,210)	(376,036)	(1,387,021)
Cash flow from financing activities			
Proceeds from issue of share capital	2,000,000	1,650,000	5,542,000
Advance from related parties	-	-	1,842,355
	2,000,000	1,650,000	7,384,355
Increase in cash	60,238	9,818	71,172
Cash, beginning of period	10,934	1,116	-
Cash, end of period	\$ 71,172	\$ 10,934	\$ 71,172

Supplemental cash flow information (Note 12)

The accompanying notes are an integral part of these consolidated financial statements.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)
November 30, 2007 and 2006

1. Change of Company Name

By Articles of Amendment effective September 7, 2007, Ungava Minerals Corp. changed its name to Nearctic Nickel Mines Inc. ("the Company" or "NNMI").

2. Nature of Operations and Going Concern

NNMI has an interest in a mineral property as described in Note 6. The property is the subject of a purported Bankable Feasibility Study ("BFS") which was issued in June 2007 by Canadian Royalties Inc. ("Canadian"). While the BFS indicates that a mine may be established on the mineral property, the continued operations of the Company and the recoverability of the amount shown for the mineral resource property are dependent upon the activities of Canadian, confirmation of the extent of the Company's ownership interest in the claims, the ability of the Company to obtain necessary ongoing financing and upon future profitable production from the mineral property, or alternatively upon the Company's ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material write-downs of the carrying amounts. The Company has not earned any revenue from extraction activities to date and is therefore considered to be in the exploration stage.

These consolidated financial statements have been prepared according to Canadian generally accepted accounting principles applicable to a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has suffered recurring losses from operations that raise doubt about its ability to continue as a going concern. The continuing operations of the Company are dependent upon its ability to obtain the necessary financing to maintain and enhance its resource properties and to meet ongoing administration expenses and related liabilities as they fall due.

3. Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized as follows:

Principles of consolidation

These consolidated financial statements include the accounts of the Company, its 97% owned subsidiary Ungava Mines Inc. and Ungava Mineral Exploration Inc., a wholly owned subsidiary of Ungava Mines Inc. All significant inter-company accounts and balances have been eliminated.

Cash and cash equivalents

Cash is comprised on cash on hand. Cash equivalents are short-term, liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to low risk of change in value. To limit its credit risk exposure in excess of insured amounts, the Company places its deposits with financial institutions with high credit standing.

Temporary investments

Temporary investments are classified as "available for sale" and recorded at fair value. Realized gains and losses are reported in earnings of the period while any unrealized holding gains or losses are reported as a separate component of shareholders' equity until realized.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)
November 30, 2007 and 2006

3. Significant Accounting Policies – continued

Mineral resource property

Direct costs relating to the acquisition, exploration and development of mineral properties, less recoveries, are capitalized until such time as the properties are either put into commercial production, sold, determined not to be economically viable or abandoned.

The costs capitalized at any time do not necessarily reflect present or future values of the particular properties. The ultimate recovery of such amounts depends on the discovery of economic reserves and the successful financing of and commercial development of or sale of the related properties.

On an annual basis, the Company reviews the carrying values of deferred mineral property acquisition and exploration expenditures to assess whether there has been an impairment in value. The Company recognizes write-downs for impairment where the carrying value of a mining property exceeds its estimated long term net recoverable value. Recoverable value is estimated based upon current exploration results and upon management's assessment of the future probability of positive cash flows from the property or from the sale of the property.

Environmental expenditures and asset retirement obligations

The business conducted by the Company may be affected by environmental legislation and possible future changes thereto, the impact of which is not predictable. Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits.

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred when a reasonable estimate of fair value can be made. If a reasonable estimate of fair value cannot be made in the period the asset retirement obligation is incurred, the liability is to be recognized when a reasonable estimate of fair value can be made.

The Company has determined that there are no asset retirement obligations, nor any other environmental obligations with respect to its mineral properties, and therefore no liability has been recognized in these consolidated financial statements.

Income taxes

Income taxes are calculated using the asset and liability method of tax accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the substantively enacted tax rates that will be in effect when the differences are expected to reverse or losses are expected to be utilized. A valuation allowance is recognized to the extent that the recoverability of future income tax assets is not considered more likely than not.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)
November 30, 2007 and 2006

3. Significant Accounting Policies – continued

Stock-based compensation plan

The Company has in effect Stock Option Plans ("the Plans"), which are described in Note 9. Stock options awarded are accounted for using the fair value-based method. Fair value is calculated using the Black-Scholes option pricing model with the assumptions described in Note 9. Consideration paid on the exercise of stock options is credited to share capital together with any accumulated contributed surplus.

Basic and diluted loss per share

The basic loss per share has been calculated based upon the weighted average number of common shares outstanding during the year. Diluted loss per share considers the potential exercise of outstanding options, warrants and other convertible instruments. The treasury stock method is used to calculate diluted loss per share and assumes any option proceeds would be used to purchase common shares at the average market price during the year. As a result of the net losses, the potential effect of the exercise of stock options and warrants is anti-dilutive.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to the estimated net realizable value of the mineral resource property, the composition of future income tax assets and related valuation allowance, and the valuation of equity transactions.

The Black-Scholes option pricing model used by the Company to determine fair value of options and warrants was developed for use in estimating the fair value of freely traded options. This model requires the input of highly subjective assumptions including future stock price volatility and expected time until exercise. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing model does not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants granted during the year.

Accounting policy changes including initial adoption

Effective December 1, 2006, the Company implemented CICA Handbook Sections: 3855 (Financial Instruments – Recognition and Measurement), 3861 (Financial Instruments – Disclosure and Presentation), 3251 (Equity) and 1530 (Comprehensive Income). These accounting policy changes have been implemented prospectively with no restatement of comparative financial statements.

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)
November 30, 2007 and 2006

3. Significant Accounting Policies – continued

Accounting policy changes including initial adoption – continued

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities are measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method;
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship; and
- All Temporary investments have been classified as available-for-sale and recorded at fair value.

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations. The Company has no items of other comprehensive income (loss) for the year ended November 30, 2007.

The adoption of these sections did not have a significant impact on the Company's financial statements.

Recent Canadian accounting pronouncements

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual consolidated financial statements for the Company's reporting period beginning on December 1, 2007.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Company does not believe these standards will have a significant impact on its consolidated results of operations or financial position.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)
November 30, 2007 and 2006

4. Corporate Organization

- a) In February 2007, the Company incorporated a wholly-owned subsidiary, Ungava Mines Inc. ("Mines"). In March 2007, the Company transferred its wholly-owned subsidiary, Ungava Mineral Exploration Inc. ("UMEI"), to Mines on a tax-free rollover basis. UMEI owns the interest in the mineral property described in Note 6. As part of the consideration, Mines agreed to pay \$500,000 to the Company and assume all future costs of the litigation related to the mineral property. The Company has a half interest in any amounts recovered in certain pending litigation in Ontario. The Company has declared a dividend of Mines common shares whereby one Mine's share will be distributed for each two Ungava shares held. The distribution and date is contingent on certain eventualities which may not occur and may be fixed in the future.
- b) On August 22, 2007, through a series of transactions, the Company acquired control of Byron Americor Inc. ("Byron") an Ontario company whose common shares trade on the NASDAQ OTC BB market (UGVMF). Byron had been a shell company with nominal assets and limited liabilities. In one transaction the Company acquired 14,131,638 Byron common shares for consideration of \$1,000. In another transaction, the Company transferred to Byron all the outstanding shares and share purchase warrants of Mines and 5,000,000 Company share purchase warrants exercisable at \$0.75 per share for five years in exchange for 75,868,339 Byron common shares and 10,000,000 Byron common share purchase warrants exercisable at \$0.75 per share for five years. By Articles of Amalgamation effective September 21, 2007, Byron and Mines amalgamated. The amalgamated company continues under the name Ungava Mines Inc. There are now 92,688,976 common shares of Ungava Mines Inc. outstanding, of which 90,000,000 are held by the Company.

5. Loan Receivable

On November 9, 2007, a loan of \$192,000 was issued to 1645194 Ontario Inc. ("1645194"), a related party of the Company. This amount is to be repaid through services provided by 1645194 in the 12 months commencing January 1, 2008. 1645194 is controlled by the spouse of a former director.

1. Mineral Resource Properties and Exploration Costs

	Mineral resource property	Exploration costs	Total
Balance – September 6, 1995	\$ -	\$ -	\$ -
Expenditures to January 31, 1996	518,000	300,899	818,899
Expenditures to November 30, 1996	53,326	289,709	343,035
Expenditures to November 30, 1997	106,789	64,885	171,674
Expenditures to November 30, 1998	43,607	6,070	49,677
Write-downs to November 30, 1998	(62,120)	-	(62,120)
Expenditures to November 30, 1999	53,672	-	53,672
Write-downs to November 30, 1999	-	(68,301)	(68,301)
Expenditures to November 30, 2000	17,301	-	17,301
Write-downs to November 30, 2000	(713,274)	(593,262)	(1,306,536)
Expenditures to November 30, 2003	44,112	-	44,112
Expenditures to November 30, 2004	406	-	406
Balance – November 30, 2004, 2005, 2006, 2007	\$ 61,819	\$ -	\$ 61,819

6. Mineral Resource Properties and Exploration Costs – continued

Pursuant to an Agreement dated January 20, 1995, the Company acquired a 100% working interest in mineral rights to approximately 170 square kilometers of land located in the Ungava area of Ruperts Land, Quebec (the "Property"), subject to two 1% net smelter returns royalties. During a prior year the Property was written down to a nominal amount. This write-down occurred prior to the Agreement with Canadian Royalties Inc. (as noted below).

On January 12, 2001, the Company entered into an Agreement with Canadian Royalties Inc. ("Canadian") under which Canadian may earn up to an 80% interest in the Property. Canadian has been vested with a 70% interest in the Property. Under this Agreement, Canadian will earn a further 10% interest by producing a BFS on the Property, which is acceptable by a financing bank or financing entity for the purpose of putting the Property into commercial production on a non-recourse basis. After Canadian has earned its 80% interest, the companies will enter into a joint venture.

The Company's interest will be subject to dilution for non contribution to subsequent ongoing exploration and development expenses to be incurred in the years following the banker's acceptance of the BFS for a financing commitment and, if reduced to a 10% joint venture interest, will be automatically converted to a 1% net smelter returns royalty, which Canadian may purchase for \$1,500,000.

In June 2007, Canadian published the highlights of a purported BFS and on June 29, 2007 published a Technical Report relating to this purported BFS indicating that it was proceeding with permitting applications and an environmental and social impact analysis. The purported BFS proposes that the Property be put into production and mined in conjunction with a deposit owned by Canadian. Canadian has also announced that the purported BFS will be "updated" to include production from the Mequillon deposit on the Property. After Canadian has earned its 80% interest, the companies will enter into a joint venture to own, operate and further explore and develop the Property. Canadian has initiated the development of the Property as a Ni-Cu-PGE mining and milling operation.

7. Capital Stock

On July 4, 2006, the Company issued 4,000,000 units in satisfaction of \$2,000,000 of indebtedness to related parties. Each unit comprised one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$1.00 per share for a period originally set to expire two years from the date of issuance. (See Note 8).

On July 4, 2006, the Company issued 3,300,000 units for cash proceeds of \$1,650,000 on the same terms as noted above. (See Note 8).

The fair value of the common share purchase warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 4.46% per annum; expected life of two years; and volatility of 100%.

On July 18, 2007, the Company completed a non-brokered private placement for gross proceeds of \$2,000,000. The Company issued 2,666,666 units at a price of \$0.75 per unit. Each unit consists of one common share and one common share purchase warrant exercisable into one common share for a period of 60 months at an exercise price of \$1.25. (See Note 8).

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)
November 30, 2007 and 2006

7. Capital Stock -continued

The fair value of the common share purchase warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield of 0%; risk-free interest rate of 4.66% per annum; expected life of 5 years; and volatility of 100%.

No commissions or issue costs were paid in connection with these transactions.

8. Warrants

The exercise prices, expiry dates and the fair values assigned to the common share purchase warrants outstanding as at November 30, 2007, are as follows:

	Warrants		Amount
Balance, November 30, 2006	7,300,000	\$	995,904
Issued (Note 7)	2,666,666		822,215
Revaluation of warrants (see note below)	-		648,893
Balance, November 30, 2007	9,966,666	\$	2,467,012

At the Company's Annual General and Special Meeting of Shareholders held June 26, 2007, a majority of the disinterested shareholders approved a resolution that the term of the 7,300,000 warrants be extended from their original expiry date of July 4, 2008 to a date 18 months following the date on which the Company's common shares first trade on a recognized stock exchange, or on the OTCBB market in the United States.

The fair value of the warrants have been amended to extend the expiry term of the warrants from July 4, 2008 to December 26, 2009, using the assumption that the Company's common shares will be trading on a recognized stock exchange by June 2008. The fair value extension was estimated using the Black-Scholes option pricing model based on the following assumptions: dividend yield of 0%; risk free interest rate of 4.64% per annum; expected life of 2.5 years; and volatility of 100%. The estimated fair value of the extension was determined to be \$648,893.

9. Stock Options and Stock-Based Compensation

The Company's have Stock Option Plans under which each is authorized to grant options to purchase up to 10% of the outstanding common shares of the Company to directors, senior officers, employees and/or consultants of the Company. Options are generally for a term of up to five years from the date granted and vest immediately.

The following table reflects the continuity of options outstanding for Nearctic Nickel Mines Inc.:

	Options		Weighted Average Exercise	
	2007	2006	2007	2006
	1,450,000	300,000	\$ 0.81	\$ 0.10
Options granted	2,026,000	1,150,000	\$ 0.76	\$ 1.00
	3,476,000	1,450,000	\$ 0.78	\$ 0.81
Options expired	(400,000)	-	\$ 0.96	\$ -
Options cancelled	(250,000)	-	\$ 1.00	\$ -
Outstanding, end of year	2,826,000	1,450,000	\$ 0.74	\$ 0.81

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)
November 30, 2007 and 2006

9. Stock Options and Stock-Based Compensation – continued

The weighted average remaining contractual life and weighted average exercise price of options outstanding and exercisable as at November 30, 2007 are as follows:

Options Outstanding			Number Exercisable		
Exercise Price	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price
	300,000	\$0.10	0.93	300,000	\$0.10
\$1.00 b)	300,000	\$1.00	3.67	300,000	\$1.00
\$1.00 c)	300,000	\$1.00	3.80	300,000	\$1.00
\$1.00 e)	100,000	\$1.00	4.46	100,000	\$1.00
\$0.75 f)	500,000	\$0.75	4.56	500,000	\$0.75
\$0.75 g)	1,326,000	\$0.75	4.81	1,326,000	\$0.75
	2,826,000	\$0.74	4.11	2,826,000	\$0.74

- a) In November 2003, 400,000 stock options exercisable at \$0.10 with an expiry date of November 6, 2008 were granted to directors and officers. A total of 100,000 stock options were exercised in the previous years.
- b) In August 2006, 300,000 stock options exercisable at \$1.00 with an expiry date of August 7, 2011 were granted to a former director and past President of the Company.
- c) In September 2006, 600,000 stock options exercisable at \$1.00, with an expiry date of September 26, 2011, were granted to directors and to the President of the Company. 300,000 stock options held by former directors have expired.
- d) In November 2006, 250,000 stock options exercisable at \$1.00, expiring October 31, 2011, were granted to an advisory firm of the Company. During the year, these stock options were cancelled and replaced by 250,000 stock options on the common shares of the Company's subsidiary, Ungava Mines Inc.
- e) On June 26, 2007, 100,000 stock options exercisable at \$1.00 with an expiry date of May 26, 2012, were granted to an officer of the Company.
- f) On July 31, 2007, 600,000 stock options exercisable at \$0.75 with an expiry date of June 30, 2012, were granted to the directors of the Company. 100,000 stock options held by a former director have expired.
- g) On October 3, 2007, 1,326,000 stock options exercisable at \$0.75 with an expiry date of September 30, 2012, were granted to the directors and certain consultants of the Company.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)
November 30, 2007 and 2006

9. Stock Options and Stock-Based Compensation – continued

The weighted average fair value of stock options granted during fiscal 2006 was estimated at \$0.22 per option using the Black-Scholes option pricing model. The total stock-based compensation expense recognized was \$234,548. The following weighted average assumptions were used:

Risk free interest rate 3.9 %
Dividend yield NIL
Expected stock volatility 100 %
Expected life 5 Years

The weighted average fair value of the stock options granted during fiscal 2007 was estimated at \$0.44 per option using the Black-Scholes option pricing model. The stock-based compensation expense recognized, related to NNMI's stock option plan, was \$653,528. The following weighted average assumptions were used:

Risk free interest rate 4.22 %
Dividend yield NIL
Expected stock volatility 100 %
Expected life 5 Years

The following table reflects the continuity of options outstanding for Mines:

	Options		Weighted Average Exercise	
	2007	2006	2007	2006
Options granted	9,000,000	-	\$ 0.60	\$ -
Outstanding, end of year	9,000,000	-	\$ 0.60	\$ -

The weighted average remaining contractual life and weighted average exercise price of options outstanding and exercisable as at November 30, 2007 are as follows:

			Options Outstanding		Number Exercisable				
Exercise			Number	Weighted	Weighted Average	Number	Weighted		
\$	0.60	a)	8,600,000	\$	0.60	4.84	8,600,000	\$	0.60
\$	0.60	b)	400,000	\$	0.60	0.84	400,000	\$	0.60
			9,000,000	\$	0.60	4.66	9,000,000	\$	0.60

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)
November 30, 2007 and 2006

9. Stock Options and Stock-Based Compensation – continued

- a) On October 3, 2007, 6,200,000 stock options exercisable at \$0.60 with an expiry date of September 30, 2012, were granted to the directors and certain consultants of the Company. On October 18, 2007 2,400,000 stock options exercisable at \$0.60 with an expiry date of September 30, 2012, were granted to the directors and certain consultants of the Company.
- b) On October 3, 2007, 400,000 stock options exercisable at \$0.60 with an expiry date of September 30, 2008, were granted to certain consultants of the Company.

The weighted average fair value of the stock options granted during fiscal 2007 was estimated at \$0.23 per option using the Black-Scholes option pricing model. The stock-based compensation expense recognized, related to Mines stock option plan was \$1,222,200. The following weighted average assumptions were used:

Risk free interest rate 4.29 %
Dividend yield NIL
Expected stock volatility 100 %
Expected life 5 Years

10. Related Party Transactions

- (i) The Company paid \$211,030 (2006 - \$64,000) in consulting fees to current and former officers of the Company.
- (ii) The Company paid \$15,731 (2006 - \$NIL) in consulting fees to a director for services performed.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)

November 30, 2007 and 2006

11. Income Taxes Reconciliation

The impact of the differences between the Company's reported income tax expense on operating results and the expense that would have otherwise resulted from the application of the statutory rate is as follows:

	2007	2006
Net loss for the year	\$ (3,332,158)	\$ (1,354,471)
Expected income tax (recovery) provision at Canadian statutory income tax rates	\$ (1,082,951)	\$ (1,414,083)
Tax effect of expenses not deductible for income tax purposes	629,443	84,718
Tax effect of differences in the timing of deductibility of items for income tax purposes		
- capital cost allowance	-	(1,018)
- gain on sale of marketable securities	-	(10,289)
Income tax recovery before valuation allowance	(453,508)	(1,340,633)
Benefit of tax losses not recognized (utilization of losses carried forward)	453,508	1,340,633

	\$ -	\$ -
The components of future income tax assets (liabilities) are as follows:		
	2007	2006
Non-capital losses carried forward	\$ 1,479,616	\$ 2,076,389
Resource deductions	436,222	436,222
Equipment	3,391	3,768
Cumulative eligible capital	1,560	-
Future income tax assets	1,920,789	2,516,379
Less: Valuation allowance	(1,920,789)	(2,516,379)
	\$ -	\$ -

At November 30, 2007, the Company had unused tax losses of approximately \$4,553,000 to offset future taxable income. These losses expire to the extent unutilized by future taxable income as follows:

2008	\$ 30,000
2009	857,000
2010	764,000
2014	370,000
2026	1,626,000
2027	906,000
	\$ 4,553,000

A full valuation allowance has been provided to offset the net future tax asset due to the unpredictability of future income streams.

The Company has a total of approximately \$1,342,220 of various classes of resource deductions available for carryforward to apply against taxable income of future taxation years indefinitely, non-capital losses of approximately \$4,553,000 that expire over the years to 2027 and capital losses of \$1,060,582 available indefinitely to offset capital gains. The potential benefit of these losses has not been recognized in these consolidated financial statements.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)
November 30, 2007 and 2006

12. Supplemental Cash Flow Information

	Year ended November 30 2007	Year ended November 30, 2006	Cumulative from September 6, 1995 (inception) to November 30, 2007
Non-cash investing and financing transactions:			
Shares issued on purchase of subsidiary	\$ -	\$ -	\$ 1,820,744
Units issued in settlement of balances owing	\$ -	\$ 2,000,000	\$ 2,000,000
Cash flows arising from interest and income			
Interest paid	\$ -	\$ 669,604	\$ 669,604
Interest earned	\$ 21,557	\$ -	\$ 21,557
Income taxes paid	\$ -	\$ -	\$ -

13. Legal Actions and Contingencies

- a) The Company's wholly owned subsidiary, UMEI, is a plaintiff in two actions, commenced against various parties, which are pending. The action in Ontario is for breach of contract and relates to the study of a rock sample collection gathered on UMEI's Property. In the course of this action, UMEI learned that defendants had formed a collaboration with others who obtained samples from the Property obtained by trespass. UMEI is currently seeking to have these others joined as co-defendants in the action as well as a third party who facilitated that trespass. The action in Quebec is against parties who UMEI alleges, trespassed onto UMEI's property, wrote a false and misleading Assessment Report, and produced a falsified version of a geologist Report during the 2002 arbitration proceeding with Canadian and also against parties who are alleged to have given false testimony at the 2002 arbitration.
- b) UMEI and certain past and present officers and directors have been named in a Quebec legal action filed by Canadian and two directors of Canadian. Damages in the amount of \$1,550,000 and reimbursement of fees, disbursements and taxes in the amount of \$741,933 for multiplicity of proceedings instituted against them by the Company, are sought, as well as other relief. UMEI intends to defend itself and its directors in this action. No liability has been recorded in the consolidated financial statements. Any loss which might occur as a result of this action would be charged against earnings in the year incurred.
- c) UMEI had been named in a Quebec legal action whereby 582556 Alberta Inc. ("582556") sought the cancellation of the conveyance by which it transferred its 1% net smelter returns royalty in the Ungava Property to Canadian. The conveyance occurred at the same time that an 80% interest in the Property was optioned to Canadian. No damages were, however, claimed against UMEI.
- d) In September 2007, Canadian made a demand that it be vested in a further 10% interest in the Property and demanded arbitration. That demand is being resisted. An arbitration process has commenced.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)

November 30, 2007 and 2006

14. Financial Instruments

Fair value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash and temporary investments, loans and other receivables, and accounts payable and accrued liabilities on the consolidated balance sheet approximate fair value because of the short-term maturities of these items.

Commodity price risk

The ability of the Company to develop its property and the future profitability of the Company is directly related to the market price of certain minerals.

15. Differences Between Canadian and United States Generally Accepted Accounting Principles

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). Material variations in accounting principles, practices and methods used in preparing these consolidated financial statements exist from principles, practices and methods accepted in the United States ("U.S. GAAP") are described and quantified below:

	Year ended November 30, 2007	Year ended November 30, 2006	Cumulative from September 6, 1995 (inception) to November 30, 2007
Net loss for the periods	\$ (3,332,158)	\$ (1,354,471)	\$ (10,643,484)
Net loss – Canadian GAAP	-	-	(61,819)
Mineral resource property expensed under U.S. GAAP			
Net loss – US GAAP	\$ (3,332,158)	\$ (1,354,471)	\$ (10,705,303)
Basic and diluted loss per share – US GAAP	\$ (0.12)	\$ (0.06)	
Mineral resource property			
Mineral resource property – Canadian GAAP	\$ 61,891	\$ 61,891	
Mineral resource property expensed under U.S. GAAP	(61,819)	(61,819)	
Mineral resource property – U.S. GAAP	\$ -	\$ -	
Shareholders' equity			
Shareholder' equity – Canadian GAAP	\$ 856,083	\$ 320,962	
Cumulative adjustments:			
Mineral resource property	(61,819)	(61,819)	
Shareholder' equity – U.S. GAAP	\$ 794,264	\$ 259,143	

15. Differences Between Canadian and United States Generally Accepted Accounting Principles
- continued

a) Mineral resource property

Mineral property costs and related exploration expenditures are accounted for in accordance with Canadian GAAP as disclosed in Note 3. For U.S. GAAP purposes, the Company expenses acquisition and exploration costs of mineral properties as incurred relating to unproven mineral properties. When proven and probable reserves are determined for a property and a feasibility study prepared, then subsequent exploration and development costs of the property would be capitalized.

b) Stock-based compensation

From the year ended November 30, 2006, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123(R) "Share-Based Payment", requires that all share-based payments to employees, including grants of employee stock options, be recognized in the financial statements based on their fair value. The Company applied this using the modified prospective method. For the year ended November 30, 2005 and prior years, the Company measured compensation expense relating to employee stock option plans for U.S. GAAP purposes using the intrinsic value method specified by APB Opinion No. 25. In the Company's circumstances, APB No. 25 was not materially different from compensation expense as determined under Canadian GAAP for fiscal 2003 and prior years. For the years ended November 30, 2005 and 2004, the Company adopted CICA Handbook Section 3870 which requires a fair value method of accounting for stock-based compensation. Accordingly, there is no difference between Canadian GAAP and U.S. GAAP on the accounting for stock-based compensation.

c) Asset retirement obligations

Under U.S. GAAP, SFAS No. 143 "Accounting for Asset Retirement Obligations", requires companies to record the fair value of the liability for closure and removal costs associated with the legal obligations upon retirement or removal of any tangible long-lived assets for years beginning on or after January 1, 2003. Under this standard, the initial recognition of the liability is capitalized a part of the asset cost and depreciated over its estimated useful life. The Company has determined that there are no asset retirement obligations as at November 30, 2007, 2006, 2005, and 2004.

d) Income taxes

Under Canadian GAAP, future income taxes are calculated based on enacted or substantively enacted tax rates applicable to future years. Under U.S. GAAP, only enacted rates are used in the calculation of future income taxes. This GAAP difference did not result in a difference in the financial position, results of operations or cash flows of the Company for the years ended 2007 and 2006 and for the period from inception on September 6, 1995 to November 30, 2007.

e) Additional Disclosure Required by SEC

The SEC requires that related party transactions be disclosed as a separate line in the financial statements. Under this requirement, the following related party transactions would have been shown separately as related party balances in the financial statements:

- (i) The Company paid \$211,030 (2006 - \$64,000) in consulting fees to current and former officers of the Company.
- (ii) The Company paid \$15,731 (2006 - \$NIL) in consulting fees to a director for services performed.

Nearctic Nickel Mines Inc.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
Notes to Consolidated Financial Statements
(expressed in Canadian Dollars)
November 30, 2007 and 2006

15. Differences Between Canadian and United States Generally Accepted Accounting Principles
- continued

f) Recent accounting pronouncements

In May 2005, FASB issued SFAS No. 154 "Accounting Changes and Error Corrections", a replacement of APB Opinion No. 20 and FASB Statement No. 3, which is effective for fiscal years beginning after December 15, 2005. SFAS No. 154 requires that changes in accounting policy be accounted for on a retroactive basis. The adoption of this standard had no significant effect on the Company's results of operations or financial position.

In July 2006, FASB issued Financial Instrument No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109 ("FIN 48")", which is a change in accounting for income taxes. FIN 48 specifies how tax benefits for uncertain tax positions are to be recognized, measured, and derecognized in financial statements; requires certain disclosures of uncertain tax matters; specifies how reserves for uncertain tax positions should be classified on the balance sheet; and provides transition and interim period guidance, among other provisions. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact of FIN 48 but does not expect that it will have a material impact on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measures". This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), expands disclosures about fair value measurements, and applies under other accounting pronouncements that require or permit fair value measurements. SFAS No. 157 does not require any new fair value measurements. However, the FASB anticipates that for some entities, the application of SFAS No. 157 will change current practice. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of SFAS No. 157 but does not expect that it will have a material impact on its consolidated financial statements.

In September 2006, the SEC issued Staff Accounting Bulletin ("SAB") No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements". SAB No. 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB No. 108 requires companies to quantify misstatements using a balance sheet and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors. SAB No. 108 is effective for periods ending after November 15, 2006. The Company adopted SAB No. 108 which did not have a material effect on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities". SFAS 159 permits companies to choose to measure certain financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value has been elected are reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The impact on the Company's financial position and results of operations if SFAS 159 were adopted would not be material.

NEARCTIC NICKEL MINES INC.
(Formerly Ungava Minerals Corp.)
(An Exploration Stage Company)
MANAGEMENT DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
for the six months ended May 31, 2008

The following is a discussion and analysis of the activities, consolidated results of operation and financial condition of Nearctic Nickel Mines Inc. ("Nearctic" or the "Company") for the six months ended May 31, 2008 and should be read in conjunction with the unaudited consolidated financial statements of the Company for the period ended May 31, 2008 and the audited consolidated financial statements of the Company for the fiscal year ended November 30, 2007 and related notes thereto. The Company's financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All monetary amounts are reported in Canadian dollars unless otherwise noted.

1.2 Overview of Operations

Pursuant to an Agreement dated January 20, 1995, the Company acquired, through a subsidiary Ungava Mineral Exploration Inc. ("UMEI"), a 100% working interest in mineral rights to approximately 170 square kilometers of land located in the Ungava area of Ruperts Land, Quebec (the "Property").

On January 12, 2001, the Company entered into an Agreement with Canadian Royalties Inc. ("Canadian") under which Canadian may earn up to an 80% interest in the Property. Canadian has been vested with a 70% interest in the Property. Under this Agreement, Canadian will earn a further 10% interest by producing a Bankable Feasibility Study ("BFS") relating to the building of a mine on the Property, which BFS is accepted by a bank or financing entity for the purpose of putting the Property into commercial production on a non-recourse basis. After Canadian has earned its 80% interest, the companies will enter into a joint venture. The Company's joint venture interest will be subject to dilution for non contribution to subsequent ongoing exploration and development expenses incurred after the banker's acceptance of the BFS for a financing commitment and, if reduced to a 10% joint venture interest, will be automatically converted to a 1% net smelter returns royalty, which Canadian may purchase for \$1,500,000.

In June 2007, Canadian published the highlights of a purported BFS and published a Technical Report relating to this BFS indicating that it was proceeding with permitting applications, and an environmental and social impact analysis. The BFS proposes that the Property be put into production with a mine capacity of 3,500 TPD and mined in conjunction with a deposit owned by Canadian. Canadian has also announced that the BFS will be 'updated' to include production from the Mequillon deposit on the Property. Canadian has initiated the development of the Property as an Ni-Cu-PGE mining and milling operation. To date Canadian has obtained most but not all permits required for mining.

On February 4th, 2008 Canadian announced the completion of a Preliminary Economic Assessment ("PEA") for the Mequillon deposit on the Property. The author of this study, P&E Mining Consultants Inc., concluded that this deposit could be developed as a viable mining project and the deposit has the potential to extend the mine life of the Property by an additional 9 years beyond the original plan to mine the Mesamax, Expo and Ivakkak deposits, as proposed in Canadian's BFS.

On April 15th, 2008, Canadian reported the results of an initial resource estimate on the recently discovered Allammaq deposit. The addition of Allammaq to the resource inventory expands the project's indicated resources to 19,437,000 tonnes while inferred resources grow to 4,102,000 tonnes. Canadian announced its intention to integrate the Allammaq deposit in a revised mine development plan. The BFS proposes that the Ivakkak deposit be mined even though it is not located on the Property and is not the subject of a custom milling agreement.

In March 2008 Canadian announced that it has raised \$137 million on the sale of convertible senior unsecured debentures to be used in connection with the development of a mine on the Property.

On July 2, 2008, Canadian announced that it had closed a C\$6.1 million private placement financing, the funds to be used to fund its advanced exploration programs.

Canadian has indicated that it intends an updated BFS when issued, to propose the building of a mine which will have capacity of approximately 4,500 TPD by 2012 and an initial capacity of 3,500 TPD.

The Company has not earned any revenues to date from operations and is considered to be in the exploration stage.

1.3 Corporate Organization

- a) By Articles of Amendment effective September 7, 2007, Ungava Minerals Corp. changed its name to Nearctic Nickel Mines Inc. ("the Company" or "NNMI").
- b) In February 2007 the Company organized a wholly owned subsidiary, Ungava Mines Inc. "Mines". In March 2007, the Company transferred its wholly-owned subsidiary, Ungava Mineral Exploration Inc., to Mines on a tax-free rollover basis. As part of the consideration, Mines agreed to pay \$500,000 to the Company and assume all costs of the litigation related to the mineral property. Even though the Company remains a party to certain litigation, it has a right to receive a portion of any recovery.
- c) On August 22, 2007, through a series of transactions, the Company acquired control of Byron Americor Inc. "Byron" an Ontario company whose common shares trade on the NASDAQ OTC BB market (UGVMF). In one transaction the Company acquired 14,131,638 Byron common shares for nominal consideration. In another transaction, the Company transferred to Byron all the outstanding shares and share purchase warrants of Ungava Mines Inc. and 5,000,000 Company share purchase warrants exercisable at \$0.75 per share for five years, in exchange for 75,868,362 Byron common shares and 10,000,000 Byron common share purchase warrants exercisable at \$0.75 per share for five years. There are now 92,688,998 common shares of Byron outstanding. Byron had been a shell company with nominal assets and limited liabilities.
- d) By Articles of Amalgamation, effective September 21, 2007, the Company's subsidiaries, Byron Americor Inc. and Ungava Mines Inc. amalgamated. The amalgamated company continues under the name Ungava Mines Inc.
- e) On January 24, 2008, the directors of the Company appointed Mr. Glen Erikson, the founder of NNMI, as President of the Company. Dr. Allan Miller continues as its Vice-President.
- f) In April 2008 the Company filed a Form 20-F Registration Statement with the United States Securities and Exchange Commission. This filing is part of the Company's efforts to have its shares trade on the OTC BB market. The Company received a number of queries from the SEC, has submitted its responses to these queries and awaits a further response from the SEC.

1.4 Legal Actions and Contingencies

The Company has commenced two actions against various parties which are pending.

- a) The action in Ontario is for breach of contract and relates to the study of a rock sample collection gathered on the Company's Property. In the course of this action, the Company learned that defendants formed a collaboration with others who had trespassed onto the Property and separately obtained samples from the Property. The Company is currently seeking to have these other parties joined as co-defendants in the action. The action in Quebec is against parties who the Company alleges, trespassed in 1998 onto its Property, wrote a false and misleading Assessment Report, produced a falsified version of a geologist

Report during the 2002 arbitration proceeding with Canadian and against parties who are alleged to have given false testimony at the 2002 arbitration.

- b) The Company and certain past and present officers and directors have been named in a Quebec legal action filed by Canadian and two directors of Canadian. Damages in the amount of \$1,550,000 and reimbursement of fees, disbursements and taxes in the amount of \$741,933 for multiplicity of proceedings instituted against them by the Company, are sought, as well as other relief. The Company intends to defend itself and its directors in this action. No liability has been recorded in the consolidated financial statements. Any loss which might occur as a result of this action will be charged against earnings in the year incurred.
- c) The Company is named in a Quebec legal action whereby 582556 Alberta Inc. ("582556") seeks the cancellation of the conveyance by which it transferred its 1% net smelter returns royalty in the Ungava Property to Canadian. The conveyance occurred at the same time that an 80% interest in the Property was optioned to Canadian. No damages were, however, claimed against the Company.
- d) In September 2007 Canadian made a demand that it be vested in a further 10% interest in the Property and demanded arbitration. That demand is being resisted. An arbitration process has commenced.

1.8 Liquidity

The Company, being an exploration stage company, has no revenues or any anticipated revenues in the near future, and therefore relies on the issuance of equity or other financing mechanisms to generate the funds required to further develop its projects and cover its operating costs.

The Company is actively seeking to raise working capital and financing to meet its commitments to fund its share of ongoing exploration expenses that will arise once the Company and Canadian enter into a joint venture.

1.9 Off-Balance Sheet arrangements

There are no off-balance sheet arrangements.

1.10 Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of recoverable value on its mineral property as well as the value of stock based compensation. Both of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend, among other things, upon a variety of factors including the market value of Company shares and financial objectives of the holders of the options. The Company has used historical data of publicly traded companies of the same industry and size to determine volatility in accordance with Black-Scholes modeling, however future volatility is inherently uncertain and the model had its limitations. While these estimates have an impact on the stock based compensation and hence results of operations, there is no impact on the Company's financial condition. The Company's recorded value of its mineral property is based on historical costs that expect to be recovered in the future. The Company is in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, as well as environmental risk.

1.11 Changes in Accounting Policies

The Company has not changed its accounting policies during the period ended May 31, 2008.

1.12 Financial Instruments

The Company has not entered into any specialized financial agreements to minimize its investment, currency or commodity risk. The Company's financial instruments consist of cash, temporary investments, GST receivable and trade payables. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant risk arising from the financial instruments. The fair value of

these financial instruments approximates their fair value because of the short-term maturities of these items.

1.14 Risks

The Company's business is subject to a variety of risks and uncertainties. The exploration and development of mineral properties entails significant financial risk. Significant expenditures are required to assess a property and its mineralization.

1.15 Disclosure Control and Procedures

The Company's Chief Executive Officer and Chief Financial Officer are responsible for certifying certain matters relating to the Company's disclosure controls and procedures that have been established to provide reasonable assurance that material information used internally and disclosed externally is reliable and timely.

The Chief Executive Officer and the Chief Financial Officer have designed and evaluated the Company's disclosure controls and procedures and have concluded that the disclosure controls and procedures provide these assurances.

1.16 Internal Control Over Financial Reporting

The Company's Chief Executive Officer and Chief Financial Officer are responsible for certifying that appropriate internal controls over financial reporting have been designed which provide reasonable assurance of the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Chief Executive Officer and the Chief Financial Officer have evaluated the design of the Company's internal controls over financial reporting as of the end of the period covered by the annual filings and have concluded that the design is sufficient to provide such reasonable assurance.

1.17 Price Volatility

Any future earnings will be directly related to the price of precious and base metals. Such prices have fluctuated over time and are affected by numerous factors beyond the control of the Company.

1.18 Environment

Operations, development and exploration projects could potentially be affected by environmental laws and regulations. The environmental standards continue to change and the trend is to a longer, more complex process. Although the Company continuously reviews environmental matters and undertakes to comply with changes as expeditiously as possible, there is no assurance that existing or future environmental regulation will not materially adversely affect the Company's financial condition, liquidity and results of operation. While certain environmental issues have been assessed and strategies based on best practices adopted, there can be no assurance that unforeseen events will not occur which could have a material adverse effect on the viability of the Company's business and affairs.

1.19 Government Regulation

The Company's operations are subject to significant regulation and laws which control not only the exploration and mining of mineral properties but also the possible effects of such activities upon the environment. Changes in current legislation or future legislation could result in additional expenses, restrictions and delays.

1.20 Key Personnel

The Company's future success is dependent in large part upon the continued services of certain key personnel. Failure to retain such personnel or failure to attract qualified management in the future, could adversely affect the Company's ability to manage its operations.

Part E Exhibits

Item XVIII Material Contracts

<u>Exhibit No.</u>	<u>Description</u>
--------------------	--------------------

E.1	Material Contract - Share Exchange Agreement dated 22nd August, 2007
-----	--

E.2	Material Contract – Consulting Services Agreement dated 1st January, 2007
-----	---

E.3	Material Contract – Canadian Royalties Inc. Agreement dated 12th January, 2001
-----	--

Share Exchange Agreement dated 22nd August, 2007

SHARE EXCHANGE AGREEMENT

THIS AGREEMENT made with effect as of the 22 day of AUGUST, 2007.

AMONG:

UNGAVA MINERALS CORP.

a company continued under the laws of the Dominion of Canada
having its head office at 1155 Rene-Levesque Blvd. West, Suite 3100,
Montreal, Quebec H3B 3S8
(the "Vendor")

AND:

BYRON AMERICOR INC.

an Ontario Corporation having its head office at
2045 Lakeshore Blvd. West, Suite 2907,
Toronto, Ontario M8V 2Z6

(the "Purchaser")

WITNESSES THAT WHEREAS:

- A. The Vendor is the legal and beneficial owner of all of the issued and outstanding shares and warrants(collectively, the "Shares") in the capital of Ungava Mines Inc. ("Ungava");
- B. The Vendor wishes to sell the Shares to the Purchaser and the Purchaser wishes to purchase the Shares from the Vendor in accordance with the terms set out herein;

NOW THEREFORE in consideration of the covenants and agreements herein and the payment of \$1 made by each party to the other. the receipt and sufficiency of which is acknowledged by each party, the parties agree as follows:

1. PURCHASE AND SALE

1.1 **Agreement** - The Vendor agrees to assign, sell and transfer the Shares to the Purchaser and the Purchaser agrees to purchase the Shares from the Vendor, on the terms and subject to the conditions contained in this Agreement.

1.2 **Purchase Price** - The purchase price for the Shares will be paid by the Purchaser's issuance to the Vendor, seventy five million eight hundred and sixty eight thousand three hundred and sixty two (75,868,362) common shares in the capital of the Purchaser at a paid up value of Cd \$0.60 per share (the "Purchase Shares") and ten million (10,000,000) common share purchase Warrants, each exercisable to purchase a further common share at the price of Cd \$0.75 on or before August 31, 2012, (the Warrants).

2. VENDOR'S REPRESENTATIONS AND WARRANTIES

2.1 **Vendor's Representations and Warranties** - In order to induce the Purchaser to enter into and consummate this Agreement, the Vendor represents and warrants to the Purchaser that:

- (a) the Vendor owns and have the right to sell the Shares as the legal and beneficial owner, free of all liens, claims, charges, restrictions on transfer, voting agreements, voting trusts, escrow conditions and encumbrances whatsoever;
- (b) the Vendor has due and sufficient right and authority to enter into this Agreement on the terms and conditions herein set forth and all necessary action has been taken by or on the part of the Vendor to authorize the execution, delivery and performance of this Agreement and all other documents contemplated hereby;
- (c) the Vendor acknowledges and agrees that the Purchase Shares and Warrants have not been and will not be qualified or registered under the securities laws of Ontario or under any federal or state laws of the United States and as such, the Vendor may be restricted from selling or transferring such Purchase Shares under applicable law;
- (d) the Vendor will deliver a certificate prior to closing stating its jurisdiction of incorporation, and that all negotiations and other acts in furtherance of the execution and delivery of this Agreement by the Vendor in connection with and transactions contemplated herein have taken place and will take place solely in Ontario;
- (e) Ungava was duly incorporated under the laws of the Province of Ontario and is in good standing with respect to all statutory filings required by the applicable corporate laws;
- (f) the Shares have been duly and validly issued and are outstanding as fully paid and non-assessable shares and warrants in the capital of Ungava;
- (g) the authorized capital of Ungava consists of unlimited number of common and preferred shares of which there are 90,000,000 common shares issued and outstanding as fully paid and non-assessable and 10,000,000 warrants exercisable at Cd \$0.75 per share;
- (h) no person, firm or corporation has any right, agreement or option or a right capable of becoming a right, agreement or option, whether oral or in writing, for the purchase of the Shares or to require Ungava to purchase, redeem or otherwise acquire the Shares or any right capable of becoming a right, agreement or option for the purchase, subscription or issuance of any of the unissued shares in the capital of Ungava;
- (i) Ungava has the corporate capacity and power to own the assets owned by it and to carry on the business presently carried on by it and is duly qualified or licensed to carry on business in all places where it presently conducts its business;
- (j) The audited financial statements of Ungava for the period ended May 31, 2007, "Ungava's Financial Statements") which will be delivered at Closing, will be true and correct in every material respect and present fairly the financial position of Ungava as at the date of such statements and the results of its operations for the period then ended in accordance with generally accepted accounting principles on a basis consistently applied;
- (k) since the date of Ungava's Financial Statements:
 - (i) there has not been any material adverse change in the financial position or condition of Ungava or any damage, loss or other change in circumstances materially affecting the business or property of Ungava or its right or capacity to carry on business,
 - (ii) Ungava has not waived or surrendered any right of material value,
 - (iii) Ungava has not discharged or satisfied or paid any lien or encumbrance or obligation or liability other than current liabilities in the ordinary course of business,
 - (iv) the business of Ungava has been carried on in the ordinary course, and
 - (v) the constating documents of Ungava have not been amended;
- (l) the only contracts, agreements or understandings to which Ungava is legally bound and which are material to the business or financial position to Ungava are those contracts, agreements or understandings referred to in the Ungava financial statements or described in Schedule "A" to this Agreement (the "Material Contracts");
- (m) there are no liabilities, contingent or otherwise, of Ungava not disclosed or reflected in Ungava's audited Financial Statements except liability arising under the Material Contracts, and those incurred in the

ordinary course of the business of Ungava since the date of Ungava's Financial Statement and Ungava has not guaranteed, or agreed to guarantee any debt, liability or other obligation of any person, firm or corporation;

- (n) Ungava is indebted to the Vendor in the amount of Cd \$ 1,500,000 on a demand note basis;
- (o) no dividends or other distribution of any kind on any shares in the capital of Ungava and no distribution of assets in any form or manner have been made, declared or authorized since its incorporation nor will any be declared, paid or authorized after the date hereof and up to the Closing;
- (p) no payments of any kind have been made or authorized by or on behalf of Ungava to or on behalf of the Vendors or to or on behalf of officers, directors, shareholders or employees of Ungava or under any management agreements with Ungava, other than in the ordinary course of business;
- (q) The Vendor and Ungava through its subsidiary Ungava Minerals Exploration Inc., is currently involved in litigation regarding its mineral property with James Mungall, and the University of Toronto in Ontario and in Quebec is involved in actions regarding the Option Agreement of January 12, 2001 with Canadian Royalties Inc., and various trespasses and other torts regarding which full disclosure had not been made to the Purchaser, other than that, the Vendor knows of no basis for and there are no actions, suits, judgments, investigations or proceedings outstanding or pending or threatened against or affecting Ungava at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau or agency;
- (r) Ungava does not have a pension plan, profit sharing plan, group insurance or similar plans or other deferred compensation plans or any hospitalization plan, disability plan or other employee benefit plan, program or policy with respect to any of its employees;
- (s) Ungava has good and marketable title to all its properties and assets as reflected in Ungava's Financial Statements and such properties and assets are not subject to any mortgage, pledge, deed of trust, lien, conditional sale agreement, option, encumbrance or charge;
- (t) at the Closing Date, neither the Vendor nor any officers, directors or employees of Ungava are now indebted or under obligation to Ungava on any account whatsoever;
- (u) all tax returns and reports of Ungava required by law to be filed prior to the date hereof have been or will be filed prior to the Time of Closing and are or will be substantially true, complete and correct and all taxes and government charges have been paid or accrued;
- (v) neither this Agreement nor the performance of the transactions contemplated in this Agreement will conflict with or result in a violation of the incorporating documents of Ungava, any resolutions of its directors or shareholders or of any agreement to which any of the Vendor or Ungava is a party or any law, rule or regulation, judgment or order to which any of them are subject and will not give any person any right to terminate or cancel any agreement or any right enjoyed by Ungava or result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever in favour of a third party upon or against the Shares or the assets of Ungava;
- (w) there are no liabilities of Ungava of any kind whatsoever, contingent or otherwise, existing on the date hereof in respect of which Ungava or the Purchaser may be liable on or after the completion of the transactions contemplated by this Agreement other than:
 - (i) liabilities disclosed or referred to in this Agreement, or Ungava's Financial Statements, or arising out of the Material Contracts and the litigation referred to; and
 - (ii) liabilities incurred in the ordinary course of business, none of which are materially adverse to the business, operations, affairs or financial condition of Ungava;
- (x) all material transactions of Ungava have been properly recorded in the books and records of Ungava and the minute book of Ungava contains records of all material contracts and meetings and proceedings of shareholders and directors thereof;
- (y) the Shares are not subject to or affected by any actual or, to the knowledge of the Vendor, pending or threatened cease trading, compliance or denial of use of exemptions order of, or action, investigation or proceeding by or before, any securities regulatory authority, court, administrative agency or other tribunal; and
- (z) the Officers of Ungava are:
Allan Miller, President

Alan Rootenberg, CFO
David Hynes, Secretary-Treasurer
Glen Gasparini, Vice President

the Directors of Ungava are:
David Hynes, Allan Miller, Marek Mucha, Joseph Greenberg,
Jamie Lavigne and Glen Gasparini.

2.2 Survival - The representations and warranties of the Vendor contained in this Agreement or any certificates or documents delivered pursuant to the provisions hereof or in connection with the transactions contemplated hereby will be true at and as of the Time of Closing as though such representations and warranties were made at and as of such time. Notwithstanding any investigations or enquiries made by the Purchaser prior to Closing or the waiver of any condition by the Purchaser, the representations and warranties of the Vendor will survive the Closing Date and notwithstanding the Closing of the purchase and sale herein provided for, will continue in full force and effect for a period of one year from the Closing Date. In the event that any of the said representations and warranties are found by a court of competent jurisdiction to be incorrect and such incorrectness results in any loss or damage sustained directly or indirectly by the Purchaser then the Vendor will pay the amount of such loss or damage to the Purchaser within 30 days of receiving notice of judgment therefore provided that the Purchaser will not be entitled to make any claim unless the loss or damage suffered will exceed the amount of \$1,000.

3. PURCHASER'S REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties - In order to induce the Vendor to enter into and consummate this Agreement, the Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation duly continued under the laws of the Province of Ontario and, as at the Closing Date, will be in good standing with respect to all statutory filings required by the *Business Corporations Act* (Ontario);
- (b) on the Closing Date the authorized capital of the Purchaser will consist of an unlimited number of common shares without par value of which not more than 16,820,636 common shares will be issued and outstanding on the Closing Date as fully paid and non-assessable (including shares issuable on or prior to the Closing Date upon the exercise of all outstanding warrants and options of the Purchaser;
- (c) the common shares of the Purchase are quoted on the NASDAQ OTC Bulletin Board in the United States and, on the Closing Date, the Purchaser will not be in material default of any of the terms and conditions of its listing agreement with the Exchange or of any of the policies or rules of the Exchange;
- (d) the Purchaser will allot and issue the Purchase Shares, free of all liens, claims, charges and encumbrances whatsoever, other than hold periods or other restrictions imposed under applicable securities legislation or by securities regulatory authorities;
- (e) the Purchase Shares will be issued to the Vendor on the Closing Date and will be quoted for trading on the NASDAQ OTC Bulletin Board;
- (f) the Purchaser has due and sufficient right and authority to enter into this Agreement on the terms and conditions herein set forth and all necessary corporate action had been taken by or on the part of the Purchaser to authorize the execution, delivery and performance of this Agreement and all other documents contemplated hereby;
- (g) no person, firm or corporation has any right, agreement or option or a right capable of becoming a right, agreement or option or any right capable of becoming an agreement for the purchase, subscription or issuance of any of the unissued shares in the capital of the Purchaser;
- (h) audited Financial Statements of the Purchaser as at December 31, 2006 (the "Purchaser's Financial Statements"), which are attached hereto as Schedule "D", are true and correct in every material respect and present fairly the financial position of the Purchaser as at the date of the Purchaser's Financial

Statements and the results of its operations for the periods then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the previous year;

(i) since the date of the Purchaser's Financial Statements;

- (i) there has not been any material adverse change in the financial position or condition of the Purchaser or any damage, loss or other change in circumstances materially affecting the business or property of the Purchaser or its right or capacity to carry on business,
- (ii) the Purchaser has not waived or surrendered any right of material value,
- (iii) the Purchaser has not discharged or satisfied or paid any lien or encumbrance or obligation or liability other than current liabilities in the ordinary course of business, and
- (iv) the business of the Purchaser has been carried on in the ordinary course;
- (j) there are no liabilities, contingent or otherwise, of the Purchaser not disclosed or reflected in the Purchaser's Financial Statements except those incurred in the ordinary course of the business of the Purchaser, since the date of the Purchaser's Financial Statements which in the aggregate do not exceed Cd\$ 20,000. and the Purchaser has not guaranteed, or agreed to guarantee any debt, liability or other obligation of any person, firm or corporation;
- (k) no dividends or other distribution on any shares in the capital of the Purchaser have been made, declared or authorized since its incorporation nor will any be declared, paid or authorized after the date hereof and up to the Closing and no distribution of assets in any form or manner has been made since the incorporation of the Purchaser nor will any be made after the date hereof and up to the Closing;
- (l) no payments of any kind have been made or authorized by or on behalf of the Purchaser or to or on behalf of officers, directors, shareholders or employees of the Purchaser or under any management agreements with the Purchaser, other than in the ordinary course of business;
- (m) the Purchaser does not have any contracts, agreements, undertakings or arrangement, whether oral, written, or implied with employees, lessees, licensees, managers, accountants, suppliers, agents, distributors, officers, lawyers, or others which cannot be terminated without penalty on not more than one month's notice;
- (n) there is no basis for and there are no actions, suits, judgments, investigations or proceedings outstanding or pending or threatened against or affecting the Purchaser at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau or agency;
- (o) there are no pensions, profit sharing, group insurance or similar plans or other deferred compensation plans affecting the Purchaser;
- (p) the Purchaser has good and marketable title to all its properties and assets and such properties and assets are not subject to any mortgage, pledge, deed of trust, lien, conditional sale agreement, encumbrance or charge;
- (q) the Purchaser does not have any subsidiaries, or any interest in or title to any properties or assets other than those disclosed in the Purchaser's Financial Statements and there are no liabilities of the Purchaser of any kind whatsoever, contingent or otherwise, existing on the date hereof in respect of any interests in properties or assets which have been sold, transferred or otherwise disposed of by the Purchaser;
- (r) no officers, directors or employees of the Purchaser are now indebted or under obligation to the Purchaser on any account whatsoever, other than in the ordinary course of business;
- (s) all tax returns and reports of the Purchaser required by law to be filed prior to the date hereof have been or will be filed prior to the Time of Closing and are or will be substantially true, complete and correct and all taxes and government charges have been paid or accrued;
- (t) neither this Agreement nor the performance of the transactions contemplated in this Agreement will conflict with or result in a violation of the incorporating documents of the Purchaser, any resolutions of its directors or shareholders or of any agreement to which the Purchaser is a party or any law, rule or regulation, judgment or order to which the Purchaser is subject and will not give any person any right to terminate or cancel any agreement or any right enjoyed by the Purchaser or result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever in favour of a third party

- upon or against the Shares or the assets of the Purchaser;
- (u) the Purchaser has not retained, employed or introduced any broker, finder or other person who would be entitled to a brokerage commission or finder's fee arising out of the transactions contemplated herein;
- (v) there are no liabilities of the Purchaser of any kind whatsoever, contingent or otherwise, existing on the date hereof in respect of which the Purchaser may be liable on or after the completion of the transactions contemplated by this Agreement other than:
 - (i) liabilities disclosed or referred to in this Agreement, and
- (ii) liabilities incurred in the ordinary course of business, none of which is materially adverse to the business, operations, affairs or financial condition of the Purchaser;
 - all material transactions of the Purchaser have been or will at the Closing Date be properly recorded in the books and records of the Purchaser and the minute book of the Purchaser will, as of the Closing Date, contain records of all material contracts and meetings and proceedings of shareholders and directors thereof;
- (w) the Purchaser is not a reporting issuer in any Canadian jurisdiction. The Purchaser is a reporting company registered with the U.S. Securities and Exchange Commission under Section 12 of the 1934 Securities Exchange Act and, as of the Closing Date, will not be in default of any of the requirements of applicable securities legislation;
- (x) the Directors and Officers of the Purchaser are:
 Ross McGroarty, Chairman, Secretary-Treasurer
 David L. Hynes, President
 George E. Mara, Director
- (y) the shares in the capital of the Purchaser are not subject to or affected by any actual or, to the knowledge of the Purchaser, pending or threatened cease trading, compliance or denial of use of exemptions order of, or action, investigation or proceeding by or before, any securities regulatory authority, court, administrative agency or other tribunal.

3.2 Survival - The representations and warranties of the Purchaser contained in this Agreement or any certificates or documents delivered pursuant to the provisions hereof or in connection with the transactions contemplated hereby will be true at and as of the Time of Closing as though such representations and warranties were made at and as of such time. Notwithstanding any investigations or enquiries made by the Vendor prior to Closing or the waiver of any condition by the Vendor, the representations and warranties of the Purchaser will survive the Closing Date and notwithstanding the closing of the purchase and sale herein provided for, will continue in full force and effect for a period of one year from the Closing Date. In the event that any of the said representations and warranties are found by a court of competent jurisdiction to be incorrect and such incorrectness results in any loss or damage sustained directly or indirectly by the Vendor then the Purchaser will pay the amount of such loss or damage to the Vendor within 30 days of receiving notice of judgment therefore provided that the Vendor will not be entitled to make any claim unless the loss or damage suffered will exceed the amount of \$1,000.

4. CONDITIONS PRECEDENT

- 4.1 General** - The obligations of the Vendor and the Purchaser under this Agreement are subject to:
- (a) directors of the Purchaser passing resolutions prior to the Closing Date necessary to approve:

- (i) the execution of this Agreement and the issuance of the Purchase Shares;
- (b) the Purchaser not having a material working capital deficiency or any material short or long term debt; and
- (c) the existing directors, officers and employees (if any) of the Purchaser resigning seriatim at a directors meeting and in writing with such written resignations to be in a form acceptable to Ungava and specifically to include a general release of the Purchaser and, prior to such director's serial resignations, the directors shall have elected replacement directors to the board of directors of the Purchaser as nominated by Ungava.

4.2 **Vendor's Conditions** - All obligations of the Vendor under this Agreement are further subject to the fulfillment, at or before the Time of Closing, of each of the following conditions:

- (a) the representations and warranties of the Purchaser being true and correct as of the Closing Date and the Purchaser shall provide the Vendor with such written assurances and releases from third parties as the Vendor may require;
- (b) all of the covenants and agreements of the Purchaser to be observed and performed on or before the Closing Date pursuant to the terms hereof will have been duly observed and performed; and
- (c) all governmental, administrative and other approvals or consent, including the approval of the securities regulatory authorities having jurisdiction, required in connection with the transactions provided for in this Agreement having been obtained.

4.3 **Waiver by Vendor** - The conditions set forth in section 4.2 of this Agreement are for the exclusive benefit of the Vendor and the Vendor may waive the conditions in whole or in part by delivering to the Purchaser at or before the Time of Closing a written waiver to that effect stated to be made pursuant to this section and executed by the Vendor.

4.4 **Purchaser's Conditions** - All obligations of the Purchaser under this Agreement are further subject to the fulfillment, at or before the Time of Closing, of each of the following conditions:

- (a) the representations and warranties of the Vendor being true and correct as of the Closing Date and the Vendor shall provide the Purchaser with such assurances and releases from third parties as the Purchaser may require;
- (b) all of the covenants and agreements of the Vendor to be observed and performed on or before the Closing Date pursuant to the terms hereof will have been duly observed and performed;
- (c) all governmental, administrative and other approvals or consent, including the approval of the securities regulatory authorities having jurisdiction, required in connection with the transactions provided for in this Agreement have been obtained;
- (d) the Vendor shall grant the Purchaser Five Million (5,000,000) common share purchase warrants each good to purchase a Vendor common share at the price of \$0.75 until August 31, 2012.

4.5 **Waiver by Purchaser** - The conditions set forth in section 4.4 of this Agreement are for the exclusive benefit of the Purchaser and the Purchaser may waive the conditions in whole or in part by delivering to the Vendor, at or before the Time of Closing, a written waiver to that effect stated to be made pursuant to this section and executed by the Purchaser.

4.6 **Termination of Agreement** - This Agreement will terminate in the event that:

- (a) the conditions specified in section 4.1 hereof are not satisfied on or before the Closing Date;
- (b) any of the representations or warranties contained in Parts 2 and 3 of the Agreement are found to be materially untrue and such defect is not remedied within 30 days of notification of such defect to the satisfaction of the party who has notified the other of the material defect; or
- (c) the Purchaser and the Vendor mutually agree to terminate this Agreement; and in such event, this

Agreement will be terminated and be of no force and effect other than the obligations under Part 8 which shall survive such termination.

5. COVENANTS OF THE PURCHASER AND THE VENDOR

5.1 Purchaser's Covenants - The Purchaser covenants with the Vendor that:

- (a) it will use all reasonable efforts to forthwith obtain all consents, approvals, releases, assurances, or waivers that may be necessary or desirable in connection with the transactions contemplated hereby;
- (b) up to and including the Closing or the termination of this Agreement, the Purchaser will not, without the written consent of the Vendor:
 - (i) declare or pay any dividend, or make any distribution of its properties or assets of its shareholders, or purchase or retire any of its shares;
 - (ii) allot or issue, or enter into any agreement for the allotment or issuance of, or grant any other rights to acquire, shares in its capital stock or securities, convertible into exchangeable for, or which otherwise carry the right to acquire, directly or indirectly, any shares in its capital;
 - (iii) sell all or any material part of its assets, or agree to do or perform any act or enter into any transaction or negotiation which could reasonably be expected to interfere with or be contemplated by this Agreement, or which would render inaccurate any of the representations and warranties set forth in section 3 of this Agreement; or
 - (iv) merge, amalgamate or consolidate into or with any entity, or enter into any other corporate reorganization; provided however that the provisions hereof shall not preclude either of the parties hereto, pending the Closing or the termination of this Agreement, whichever shall first occur, from carrying on their respective business in the normal course thereof;
- (c) it will disclose and provide to designated representatives of the Vendor copies of all of its material contracts, as soon as practicable; and

5.2 Vendor's Covenants - The Vendor covenants with the Purchaser that up to and including the Closing or the termination of this Agreement:

- (a) it will use all reasonable efforts to obtain and to cause Ungava to obtain all consents, approvals, releases, assurances, or waivers that may be necessary or desirable in connection with the transactions contemplated hereby; and
- (b) the Vendor will not, without the written consent of the Purchaser, cause Ungava to:
 - (i) declare or pay any dividend, or make any distribution of Ungava's properties or assets to its shareholders, or purchase or retire any of its shares;
 - (ii) allot or issue or enter into any agreement for the allotment or issuance of, or grant any other rights to acquire, shares in the capital stock of Ungava or securities, convertible into exchangeable for, or which otherwise carry the right to acquire, directly or indirectly, any shares in its capital, other than as the Purchaser and the Vendor agree in writing;
 - (iii) sell all or any part of the assets of Ungava or agree to do or perform any act or enter into any transaction or negotiation which could reasonably be expected to interfere with or be contemplated by this Agreement, or which would render inaccurate any of the representations and warranties set forth in section 3 of this Agreement; or
 - (iv) merge, amalgamate or consolidate into or with any entity, or enter into any other corporate reorganization; provided however that the provisions hereof shall not preclude either of the parties hereto or Ungava, pending the Closing or the termination of this Agreement, whichever shall first occur, from carrying on their respective business in the normal course thereof;
- (c) the Vendors will cause Ungava to disclose and provide copies of all of its material contracts to representatives of

- the Purchaser as soon as practicable; and
- (d) the Vendor will not, without the prior written consent of an authorized representative of the Purchaser, use the Purchaser's name in any press release or other public disclosure statement, unless otherwise required to do so by law or a regulatory authority having jurisdiction.

6. CLOSING

6.1 Place and Time - The sale and purchase of the Shares and the issuance of the Purchase Shares and the other transactions contemplated by this Agreement will take place as soon as possible at a closing (the "Closing") at the office of the Purchaser, Suite 2907, 2045 Lakeshore Blvd. West, Toronto, Ontario, to be held on a date (the "Closing Date" or "Date of Closing") not later than 10 days from the date of this agreement. Closing shall not occur until the Purchaser's SEC Form 8K disclosure documents are complete and ready for filing with the SEC.

6.2 Documents Delivered by Vendor - On the Closing Date the Vendor will deliver or cause to be delivered to the Purchaser:

- (a) certified copies of resolutions of the directors of the Vendor and Ungava consenting to the transfer of the Shares from the Vendor to the Purchaser;
- (b) certificates representing the Shares registered in the names of the Vendor, duly endorsed for transfer to the Purchaser or irrevocable stock powers transferring the Shares to the Purchaser;
- (c) certificates representing the Shares registered in the name of the Purchaser;
- (d) the Vendor's common share purchase warrant certificate in favour of the Purchaser;
- (e) certificate on behalf of the Vendor, from a responsible Officer of the Vendor, certifying, as of the Date of Closing, that the representations and warranties of the Vendor set forth in this Agreement are true and correct as of the date of this Agreement and will be true and correct as of the Date of Closing as if made by the Vendor on the Closing Date;
- (f) an opinion of counsel to the Vendor and Ungava dated as of the Closing Date, addressed to the Purchaser and its counsel, in form and substance satisfactory to the Purchaser, acting reasonably, and including the following:
 - (i) the due incorporation, existence and standing of Ungava and its qualification to carry on business;
 - (ii) the authorized and issued capital of Ungava;
 - (iii) that the Shares have been duly authorized and issued and are fully paid and non-assessable;
 - (iv) all necessary steps and proceedings have been taken in connection with the execution, delivery and performance of this Agreement and the transactions contemplated herein; and
 - (v) that the Shares have been issued in compliance with applicable securities laws in Canada, the United States and that the distribution of the Purchase Shares hereunder does not amount to a distribution, directly or indirectly, under applicable U.S. securities laws, or to the extent it may, such distributions have been carried out in compliance with such laws; and
- (g) consents to act or other documents as may be required in connection with the appointment of any nominee of Ungava to the board of directors of the Purchaser.

6.2.1 Documents Delivered by Purchaser - On the Closing Date, the Purchaser will deliver or cause to be delivered to the Vendor:

- (a) a certified copy of the resolution of the directors of the Purchaser approving this Agreement and the transactions contemplated by this Agreement;

- (b) a certified copy of the resolutions of the directors of the Purchaser approving the issuance of the Purchase Shares to the Vendor;
- (c) copies of the Certificates representing the Purchase Shares in the names of the Vendor;
- (d) a certificate of the president of the Purchaser certifying, as of the Date of Closing, that the representations and warranties of the Purchaser set forth in this Agreement are true and correct as of the date of this Agreement and will be true and correct as of the date of Closing as if made by the Purchaser on the Closing Date;
- (e) written resignations and general releases of the existing directors and officers of the Purchaser;
- (f) a certified copy of the minutes of a directors meeting at which nominees of the Vendor are appointed, to the board of directors of the Purchaser;
- (g) an opinion of counsel to the Purchaser, dated as of the Closing Date, and addressed to the Vendor and their counsel, in form and substance satisfactory to the Vendor acting reasonably, including the following:
 - (h) the due incorporation, valid existence and standing of the Purchaser and its qualification to carry on business;
 - (ii) the authorized and issued capital of the Purchaser;
- (iii) all necessary steps and proceedings have been taken in connection with the execution, delivery and performance of this Agreement and the transactions contemplated herein; and
- (iv) the due issuance of the Purchase Shares as fully paid and non-assessable and having been issued in accordance with applicable securities laws.

6.3 Legends on Certificates - if the Vendor is a resident or citizen of the United States of America at the time of the Closing, the certificates) representing the Shares will be endorsed with the following or a similar legend: "The shares represented by this Certificate have not been registered under the Securities Act of 1933, as amended, of the United States of America (the "Act") or the securities laws of any state ("State") of the United States of America and may not be sold, transferred, pledged, hypothecated or distributed, directly or indirectly, to a U.S. person (as defined in Regulation S adopted by the U.S. Securities and Exchange Commission under the Act) or within the United States unless such shares are (i) registered under the Act and any applicable State securities act (a "State Act"), or (ii) exempt from registration under the Act and any applicable State Act and the Company has received an opinion of counsel to such effect reasonably satisfactory to or (iii) sold in accordance with Regulation S and the Company has received an opinion of counsel to such effect reasonably satisfactory to it."

Legend. The Buyer agrees to the imprinting of the following legend on any certificates representing the Shares: "THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THESE SECURITIES ARE "RESTRICTED SECURITIES" WITHIN THE MEANING OF RULE 144(3) OF THE SECURITIES ACT AND MAY NOT BE RESOLD PUBLICLY UNDER RULE 144 UNTIL CERTAIN HOLDING PERIOD REQUIREMENTS ARE MET."

7. DUE DILIGENCE INVESTIGATIONS

7.1 **Investigations** - Each party may in a reasonable manner carry out such investigations and due diligence as to the other party, at all times, subject to the confidentiality provisions of Parts 8 and 9 hereof, as each party may deem necessary.

7.2 **Access to Records** - The parties agree that each shall have full and complete access to the other's books, records, financial statements, and other documents, articles of incorporation, by-laws, minutes of board of directors and its committees, investment agreements, material contracts, and as well such other documents and materials as the Vendors, Ungava or the Purchaser or their legal counsel, may deem reasonable and necessary to conduct an adequate due diligence investigation of each company, its operations and financial condition prior to the Closing.

8. NON-DISCLOSURE

8.1 **Covenants** - Subject to the provisions of section 8.3 hereof, the parties, for themselves, their officers, directors, shareholders, consultants, employees and agents agree that they each will not disseminate or disclose, or knowingly allow, permit or cause others to disseminate or disclose to third parties who are not subject to express or implied covenants of confidentiality, without the other's express written consent either:

- (a) the fact or existence of this Agreement or discussions and/or negotiations between them involving, inter alia, possible business transactions,
- (b) the substance or content of those discussions;
- (c) the possible terms and conditions of any proposed transaction,
- (d) any statements or representations (whether verbal or written) made by either in the course of or in connection with those discussions or
- (e) any written material generated by or on behalf of any party and such contacts, other than such disclosure as may be required under applicable securities legislation or regulations, pursuant to any order of a court or on a "need to know" basis to each of the parties' respective professional advisors.

8.3 **Treatment of Documents** - Any documents or written material generated by either party in the course of, or in connection with, the due diligence investigations conducted pursuant to this Agreement shall be marked "Confidential" and shall be treated by each party as a trade secret of the other party. Upon termination of this Agreement prior to Closing, all copies of any and all documents obtained by a party from the other, whether or not marked "Confidential", shall be returned to the other party forthwith.

8.4 **Public Announcements** - Notwithstanding the provisions of this section, the parties agree to make such public announcements of this Agreement promptly upon its execution in accordance with the requirements of applicable securities legislation and regulations.

9 PROPRIETARY INFORMATION

9.2 **Confidential Information** - Each party acknowledges that any and all information which a party may obtain from, or have disclosed to it, about the other party constitutes valuable trade secrets and proprietary confidential information of the other party ("Confidential Information").

9.3 **Non-Disclosure** - The Vendor and the Purchaser, for themselves, their officers, directors, shareholders, consultants, employees and agents agree that they each will not disseminate, disclose or knowingly allow, permit or cause others to disseminate or disclose the Confidential Information of the other without the other's express written consent.

10 **GENERAL**

10.1 **Time** - Time is of the essence of this Agreement.

10.2 **Entire Agreement** - The terms and provisions herein contained constitute the entire agreement between the parties and supersede all previous oral or written communications.

10.3 **Governing Law** - This Agreement will be governed by, construed and enforced in accordance with the laws of the Province of Ontario and the parties hereto submit and attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

10.4 **Enurement** - This Agreement and each of its terms and provisions will enure to the benefit of and be binding upon the parties to this Agreement and their respective heirs, executors, administrators, personal representatives, successors and assigns.

10.5 **Severability** - If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions will not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby, unless in either case as a result of such determination this Agreement would fail in its essential purpose.

10.6 **Assignment** - This Agreement is not transferable or assignable without the written consent of the other parties.

10.7 **Notices** - All notices and other communications given in connection with this Agreement shall be in writing and shall, except in the event of mail strike, during which time all notices must be personally delivered, be sufficiently given if delivered in person or telefaxed or sent by registered mail, postage prepaid, to the parties of the following addresses

The Vendor:

Ungava Mines Inc.

P.O. Box 485

Port Credit Postal Station

Mississauga ON L5G 4M2

Attn: Allan Miller

Fax: 905 274 8554

The Purchaser:

Byron Americor Inc.
Suite 2907,
2045 Lakeshore Blvd. West
Toronto, Ontario M8V 2Z6
Attn: Ross McGroarty
E-mail: ross.mcgroarty@sympatico.ca
Fax: 416 594 6811

Any such notices or other communications sent by registered mail addressed as aforesaid shall be deemed to be received by the addressee thereof on the third business day after the mailing thereof. Any such notices personally delivered or telefaxed shall be deemed delivered on the day of delivery. Any party hereto may change its address for service by notice in writing to the other parties hereto.

10.8 Further Assurances - The parties to this Agreement will with reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each party to this Agreement will execute and deliver such further documents or instruments required by the other party as may be reasonably necessary or desirable for the purposes of giving effect to or perfecting the transactions contemplated by this Agreement and obtaining any required regulatory approvals, whether before or after the Closing.

10.9 Public Announcements - The parties hereto agree that all notices to third parties and all other press releases concerning the transactions contemplated by this Agreement will be jointly planned and coordinated and no party hereto will act unilaterally in this regard without the prior approval of the others, such approval not to be unreasonably withheld.

10.10 Counterparts - This Agreement may be executed in as many counterparts as may be necessary or be facsimile and each such facsimile or counterpart so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date as set out on the first page of this Agreement.

10.11 Costs and Expenses - Each party shall be responsible for their respective costs and expenses incurred by each of them in connection with the execution and delivery hereof and the completion of the transactions contemplated herein.

IN WITNESS WHEREOF the parties hereto have hereunto duly executed this Agreement as of the day and year first above written.

SIGNED, SEALED and DELIVERED by

UNGAVA MINERALS CORP.

per _____

A.S.O.

per _____

A.S.O

BYRON AMERICOR INC.

per _____

Ross McGroarty, Chairman

per _____

George E. Mara, Director

Consulting Services Agreement dated 1st January, 2007

CONSULTING SERVICES AGREEMENT

THIS AGREEMENT made as of the 1st day of January, 2007

B E T W E E N :

UNGAVA MINERALS CORP.,

a corporation incorporated under the federal laws of Canada

(hereinafter called the “**Corporation**”)

OF THE FIRST PART;

- and -

1645194 ONTARIO INC.,

(hereinafter called the “**Consultant**”)

OF THE SECOND PART;

WHEREAS the Corporation wishes to retain the Consultant, and the Consultant has agreed to accept such assignment, upon the terms and conditions hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual promises and agreements herein contained (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties hereto covenant and agree as follows:

ARTICLE I.

Engagement of the Consultant and Its Duties

1.1 Engagement

Subject to the terms of this Agreement, the Corporation hereby retains the Consultant to make Glen Erikson available to render consulting advice and services to the Corporation, and to any subsidiaries and/or affiliates of the Corporation, in connection with the development and operation of the corporate, financial and litigation affairs of the Corporation, its subsidiaries and its affiliates.

1.2

1.3 Services

The Consultant shall provide administrative and consulting services (the “**Consulting Services**”) in such manner as the Corporation and the Consultant may reasonably agree, and shall devote such time as is necessary to provide such Consulting Services. Such Consulting Services, which need not be rendered in Canada or require Mr. Erikson’s attendance in Canada, shall include (but not be limited to) providing advice with regard to the following:

- (a) financing and development of its business, including the provision of strategic advice;
- (b) defining competitive business visions from time to time and create a roadmap for implementation;
- (c) addressing all aspects of operations management and performance improvement;

- (d) identifying and controlling risk elements;
- (e) delivering operational effectiveness that maximizes efficiency and helps the organization achieve cost take out benefits;
- (f) defining strategic intent for competitive advantage;
- (g) developing appropriate governance, leadership, and organizational architectures;
- (h) developing internal processes and systems to build and grow the business;
- (i) developing and maintaining a team of professionals from various disciplines;
- (j) acquiring key resources, such as, talent and venture finance and strategic relationships;
- (k) advancing its litigation claims by marshalling documents and witnesses, assisting counsel, securing expert testimony and being a witness on the Corporation's behalf; and
- (l) acting as agent of the Corporation in connection with the preparation of a 2OF and other documentation to be filed with the SEC.

1.4 Corporate Information

The Corporation agrees to co-operate with the Consultant and to provide such information, financial records and documents as may facilitate the performance of the Consulting Services by the Consultant. The Consultant and Mr. Erikson acknowledge that they have a special relationship with the Corporation and will act accordingly regarding undisclosed material information.

ARTICLE II.

Remuneration and Expenses

2.1 Consulting Fee

In consideration for the provision of the aforesaid Consulting Services for the term of this Agreement, the Corporation shall pay to the Consultant a monthly fee of Cdn\$8,000, payable on the first day of each month (the "**Consulting Fee**").

2.2 Expenses

Reasonable travel, entertainment and other expenses necessarily incurred by the Consultant pursuant to the Consultant's rights and responsibilities under this Agreement, will be reimbursed to the Consultant by the Corporation against submission of appropriate vouchers or invoices in accordance with such reasonable guidelines as may be established by the board of directors of the Corporation from time to time, provided that any item of expense in excess of \$2,000 to be incurred by the Consultant shall require the prior approval of two directors of the Corporation.

ARTICLE III.

Term of Engagement

3.1 Term

The term of this Agreement shall commence and become effective on January 1, 2007 for a period of one year, and shall be renewable thereafter from month to month and may be terminated by either party giving sixty (60) days notice to the other that he intends to terminate this Agreement.

3.2 Termination

3.2.1 By the Corporation:

(a) In the event where the Corporation terminates this Agreement it shall provide a notice together with an amount representing the Consulting Fees that would otherwise be due for a period of two (2) months from the date of the notice as well as all expenses incurred by the Consultant up to the date of such notice.

(b) Notwithstanding anything in this Agreement, the Corporation may at its option terminate this Agreement for cause in law, at any time without notice or payment of any compensation either by way of anticipated earnings or damages of any kind.

3.2.2 By the Consultant:

(a) Should the Consultant, in its sole opinion, be unable to perform the services to be provided hereunder, then this Agreement may be terminated by the Consultant within thirty (30) days of a notice to this effect to the Corporation.

ARTICLE IV.

Confidentiality

4.1 Confidentiality

The Consultant shall not disclose, during the term of this Agreement or at any time thereafter, any information concerning the business and affairs of the Corporation or its subsidiaries, affiliated corporations or associates, which it may have learned while providing the Consulting Services, to any person not an officer or director of the Corporation, other than in the proper discharge of his duties under this Agreement. Furthermore, the Consultant shall not use, for its own purpose or for any purpose other than that of the Corporation, either during the continuance of its engagement under this Agreement or at any time thereafter, any information it may have acquired, or may acquire, in or in relation to the business of the Corporation, its subsidiaries, affiliated corporations or associates.

ARTICLE V.

Miscellaneous

5.1 Agency

Nothing herein contained shall constitute the Corporation or the Consultant the agent of the other. The relationship herein created shall be that of independent contractors acting at arm's length.

5.2 Notices

Any notice required or permitted to be given hereunder shall be given by hand delivery, facsimile transmission or by registered mail, postage prepaid, addressed to the parties at their respective addresses set forth below:

(a) If to the Corporation:

Ungava Minerals Corp.
1155 Rene-Levesque Blvd. West
31st Floor
Montreal, Quebec
H3B 3S8
Attention: President
Fax: (514) 875-4308

(b) If to Consultant:

1645194 Ontario Inc.
P.O. Box 485
Port Credit Post Office
Mississauga, Ontario
L5G 4M2
Fax: (905) 274-8554

and any such notices given by hand delivery or by facsimile transmission shall be deemed to have been received on the date of delivery or transmission and if given by prepaid registered mail, shall be deemed to have been received on the third business day immediately following the date of mailing. The parties

shall be entitled to give notice of changes of address from time to time in the manner hereinbefore provided for the giving of notice.

5.3 Severability

If any provision of this Agreement or its application to any party or circumstance is restricted, prohibited or unenforceable, such provisions shall, as to such jurisdiction, be ineffective only to the extent of any such restriction, prohibition or unenforceability without invalidating the remaining provisions hereof and without affecting the validity or enforceability of such provision or application to other parties or circumstances.

5.4 Counterparts

This Agreement may be executed in any number of counterparts by original or facsimile signature, each of which when executed and delivered shall be an original but such counterparts together shall constitute one and the same instrument.

5.5 Governing Laws

This Agreement shall be governed by and construed in accordance with the laws of the province of Ontario and the laws of Canada applicable therein.

5.6 Assignment and Successors

The rights which accrue to the parties under this Agreement shall be binding upon and enure to the benefit of the heirs, executors, administrators, successors and permitted assigns of the parties hereto as the case may be.

5.7 Independent Legal Advice

The parties hereby acknowledge that this provision shall serve as notice to each party of being advised to arrange for such independent legal advice with respect to this Agreement, each of the matters herein and the implications thereof, as each party may independently deem necessary, and that each party has either obtained such independent legal advice or hereby waives the right thereto by signing this Agreement.

5.8 Time of the Essence

Time shall be the essence of this Agreement and every part thereof.

5.9 Entire Agreement

This Agreement, including the recitals set out above which shall form an integral part of this Agreement, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties hereto in connection with the subject matter hereof. No supplement, modification, waiver or termination of this Agreement shall be binding, unless executed in writing by the parties to be bound thereby.

5.10 Save Harmless

The Corporation shall save the Consultant harmless from any and all claims made against the Consultant arising from the carrying out its duties and obligations under this Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

**UNGAVA MINERALS
CORP.**

Signed: "Allan Miller"

Authorized Signing Officer

1645194 ONTARIO INC.

Signed: "Christine Erikson"

President

Canadian Royalties Inc. Agreement dated 12th January, 2001

AGREEMENT

THIS AGREEMENT made effective as of the 12th day of January, 2001 BETWEEN:

CANADIAN ROYALTIES INC., a corporation incorporated pursuant to the laws of the Province of Alberta (the "CRI")

OF THE FIRST PART

and -

UNGAVA EXPLORATION INC., a corporation incorporated pursuant to the laws of Quebec (the "Ungava Exploration")

OF THE SECOND PART

-

and -

UNGAVA MINERALS CORP., a corporation continued pursuant to the laws of Canada ("Ungava Minerals")

OF THE THIRD PART

-

and -

GOGAMA GOLD INC., a corporation continued pursuant to the laws of Alberta ("Gogama")

OF THE FOURTH PART

and -

582556 ALBERTA INC., a corporation incorporated pursuant to the laws of Alberta, ("Alberta")

OF THE FIFTH PART

WHEREAS:

- A. Ungava Exploration holds all of the legal and beneficial right, title and interest in and to mining permit #970 which surrounds approximately 29 claims - all located in Ungava, Quebec - which is more particularly described in Schedule "A" attached hereto (the "Property"), subject only to an aggregate 2% net smelter royalty interest (the "Gogama NSR") in favour of Gogama and Alberta;
- B. Ungava Exploration has agreed to grant to CRI a right to earn a significant interest in the Property on the various terms and conditions set forth below; and
- C. Gogama and Alberta have agreed to sell all of their interest in the Gogama NSR for consideration of \$50,000 cash, pursuant to the various terms and conditions set forth below.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for and in consideration of the mutual covenants and agreements herein contained, the parties to this Agreement agree as follows:

ARTICLE I DEFINITIONS

1.1 For the purpose of this Agreement the following words and phrases have the following meanings:

- a) **"Bankable Feasibility Study"** means a comprehensive study and report as to the existence of an ore body or suspected ore body in or on or under the Property and upon the advisability and possibility of bringing the same into commercial production and thereafter operating the same on a commercial basis, such study and report to include: (i) an estimate of ore reserves of same and recommendations as to the nature, extent and timing of the development of the same with a view to bringing the same into commercial production; (ii) mining and or milling methods; (iii) design, nature and capacity of the mine, mill or ancillary facilities relating thereto; (iv) the cost and cash flow estimates and analysis relating thereto, which study is acceptable to a bank or other financing entity as the basis for non-recourse financing to put the Property into commercial production.
- b) **"Business Day"** means any day other than a Saturday or Sunday or a day that is a statutory holiday in the province of Quebec.
- c) **"Commercial Production Date"** means a date determined by the Operator, acting reasonably, and taking into consideration the first day of the month following the production of ores and the concentrating of minerals from the Property for a period of sixty (60) consecutive production days resulting in a product of merchantable form and quantity (other than for the purposes of sampling, assaying, testing, analysis or evaluation) and utilizing not less than 70% per cent (70%) of the design capacity of the concentrator erected for the processing of ores from the Property, or, in the event a concentrator is not erected for processing ores from the Property, when production of ores from the Property for a period of sixty (60) consecutive production days achieves not less than seventy per cent (70%) of the mining rate specified in the Bankable Feasibility Study recommending placing the Property in commercial production.
- d) **"Designate"** means any number of persons, companies or entities that have an arrangement with CRI to participate with CPI in fulfilling CRI's obligations under this Agreement, whether such participation be financial, operational, or otherwise.
- e) **"Effective Date"** means January 12, 2001.
- f) **"Encumbrances"** means any and all liens, charges, encumbrances, security interests, mortgages, hypothecs, royalties, net smelter interests or other claims registered against the Property.
- g) **"Instalment Expenditures"** means all cash, expenses, securities, obligations and liabilities of whatever kind or nature spent, paid, incurred, or satisfied by CRI or a Designate, whether directly or indirectly, including, without limiting the generality of the foregoing, cash, expenses, securities, obligations and liabilities spent, paid, incurred or satisfied for: all work done on the Property or on behalf of the Property usually considered to be prospecting, exploration, development, mining work and assessment work in the context of the mining industry in Canada, and specifically in the Ungava region of Quebec, Canada; geophysical, geochemical and geological surveys in searching for, digging, trucking, sampling, working, studying, mapping, investigating, mining and procuring ores, minerals, metals and concentrates; diamond drilling; assaying and metallurgical testing, bulk sampling and pilot plant operation; renting or leasing buildings, machinery, tools, appliances, equipment and supplies for delthe Property and projects related thereto; erecting, constructing and installing a mining plant or any other buildings, whether such buildings are located on the Property or otherwise, specifically for activities to be carried out for exploration and development of the Property; reasonable fees, wages, salaries, traveling expenses, fringe benefits (whether

or not required by law), food lodging and other reasonable expenses of all persons engaged in work or projects with respect to and for the benefit of the Property or any portion thereof - including management salaries, administrative salaries, professional fees (including legal and accounting/auditor expenses), and operator's salaries and expenses - and paying assessments and contributions under employment compensation and employment insurance legislation relating to such persons; provincial mining taxes and all other taxes and assessments applicable to the Property (excluding income taxes, but including payments in lieu of assessment work), whether such taxes are current or in arrears, to keep the property in good standing; the Permit Renewal Fee; bringing mineral claims to lease or patent; the management and clean up of toxic materials or hazardous waste stored on the property, including, but not limited to glass bottles of assaying chemicals located in one of the shacks on the Property and empty fuel barrels located on the Property; Geological Reports pertaining to the Property or to any other property contiguous with the Property; and other such amounts as are directly related to carrying out the exploration and development work on the Property.

- h) **"Joint Venture Expenses"** means, as at the date of acceptance by a bank or other financing entity willing to finance commercial production on the Property in accordance with the Bankable Feasibility Study, all cash, expenses, securities, obligations and liabilities of whatever kind or nature required to be paid or incurred with respect to the Property in order to carry out Mining Work, and includes, but is not limited to all costs associated with the items referred to in the definition of Instalment Expenditures above, all fees of the Ministère des Ressources Naturelles du Québec ("MRN") - including taxes and work assessments of the MRN, the costs of clean up of any toxic materials or hazardous waste stored on the Property and claims arising therefrom, and such cash, expenses, securities, obligations and liabilities of whatever kind or nature shall be determined solely by the Operator, acting reasonably.
- i) **"Geological Report"** means a report on the Property prepared by a qualified and independent engineer or geologist in accordance with National Policy 2-A of the Canadian Securities Administrators and in accordance with applicable securities regulatory bodies.
- j) **"Gogama NSR"** means an aggregate of 2% NSR (net smelter return royalty interest) in the Property in favour of Gogama as to 1% and Alberta as to 1%, pursuant to an Agreement between Ungava Exploration and Gogama dated January 20, 1995, and the schedules attached thereto.
- k) **"Mining Work"** means every kind of work done or activities completed, whether such work is categorized as operational or administrative, on or in respect of the Property for the purposes of prospecting, exploring and developing the Property, using standard mining practices in the mining industry of Canada, and more specifically, in the Ungava region of Quebec, Canada. Without limiting the generality of the foregoing, Mining Work includes: prospecting; geophysical, geochemical and geological surveying; preparing geological studies and maps; completing assessment work; investigating; drilling; designing; examining; equipping; improving the Property with buildings or equipment; surveying; shaft sinking; raising; crosscutting and drifting; searching for, digging, trucking, sampling, working and procuring minerals, ores, metals and concentrates; bringing mineral claims to lease or patent; reporting; cleaning up of toxic materials or hazardous waste stored on the Property; and all administrative work, including legal and accounting and audit, directly connected to the prospecting, exploring and developing the Property.
- l) **"NSR"** means net smelter return, and a net smelter return shall mean the amount received from a smelter upon the sale of all metals removed from the Property, after deducting from the gross value the cost of

smelting which include the costs of treatment, tolling, smelting, refining and minting of such metals and all costs associated therewith such as transporting (actual freight or haulage charges), insuring, handling, weighing, sampling, assaying and marketing, as well as all penalties, representation charges, referee's fees and expenses, and import taxes and export taxes; and the term "smelter" means conventional smelters as well as any other type of production plant used in lieu of a conventional smelter to reduce ores to concentrates.

- m) **"Operator"** means the person or corporate entity as set out in Article 6 herein.
- n) **"Option"** means the option granted pursuant to the terms and conditions of Articles 2.1(a),(b),(c) and (d) of this Agreement in order for CRI, together with a Designate, to earn and acquire a 80% interest in the Property from Ungava Exploration.
- o) **"Option Term"** means the term of the Option commencing on the Effective Date and terminating on the earlier of: (i) the date of termination of this Agreement; or (ii) the date that the Bankable Feasibility Study is accepted by a financing bank or financing entity in accordance with Article 2.1 (d) herein.
- p) **"Permit Renewal Fee"** means \$17,300 paid on or about December 13, 2000 by CRI on behalf of Ungava Exploration to the *Ministere des Finances du Quebec* at the *Ministere des Ressources Naturelles du Quebec* (MRN), Val d'Or, Quebec in order to maintain Permit PEM000970 referenced in Schedule "A" attached to this Agreement in good standing for the renewal period ending approximately November 21, 2001.
- q) **"Property"** means a certain mineral permit and mineral claims located in the Province of Quebec, as more particularly described in Schedule "A" to this Agreement, including any replacement or successor permit or claims, and all mining leases and other mining interests derived from any such permit. Any reference in this Agreement to any mineral permit comprising the Property includes any mineral leases or other interests into which such mineral permit may have been converted.

ARTICLE 2 TERMS OF THE OPTION

2.1 In consideration of the terms of this Agreement and in order to maintain in force the Option, Ungava Exploration grants to CRI the sole, exclusive and irrevocable right and option to acquire, on an incremental basis, up to an undivided 80% right, title and interest in and to the Property free and clear of any Encumbrance in accordance with the following terms, which are intended to be mutually exclusive and separate options:

- a) if CRI, whether directly or indirectly through a Designate, incurs \$250,000 in Instalment Expenditures (the "First Instalment") on the Property on or before January 12, 2003, Ungava Exploration shall, within 5 Business Days of the date that the First Instalment is complete, transfer 25% of its right, title and interest in and to the Property to CRI, in order that such 25% is immediately vested with CRI, or as it may in writing direct;
- b) if CRI, after completion of the First Instalment, whether directly or indirectly through a Designate, incurs an additional \$500,000 in Instalment Expenditures (the "Second Instalment") on the Property on or before January 12, 2004, Ungava Exploration shall, within 5 Business Days of the date that the Second Instalment is complete, transfer an additional 20% of its right, title and interest in and to the Property to CRI, in order that such 20% is immediately vested with CRI, or as it may in writing direct;
- c) if CRI, upon completion of the Second Instalment, whether directly or indirectly through a Designate,

incurs an additional \$ 1,000,000 in Instalment Expenditures (the "Third Instalment") on the Property on or before January 12, 2005, Ungava Exploration shall, within 5 Business Days of the date that the Third Instalment is complete, transfer an additional 25% of its right, title and interest in and to the Property to CRI, in order that such 25% is immediately vested with CRI, or as it may in writing direct; and

- d) if, after completion of the Third Instalment, CRI, either solely or together with a Designate, incurs all necessary or advisable expenditures on the Property and completes, or makes arrangements to have completed, a Bankable Feasibility Study on the Property, at no cost to Ungava Exploration or to Ungava Minerals (which study is acceptable by a financing bank or financing entity for the purposes of putting the Property into commercial production on a non-recourse basis), Ungava Exploration shall, within 5 Business Days of acceptance of the Bankable Feasibility Study, transfer an additional 10% of its right, title and interest in and to the Property to CRI, in order that such 10% is immediately vested with CRI, or as it may in writing direct.

2.2 Notwithstanding the dates set out for the completion of Instalment Expenditures in Articles 2.1(a),(b), and (c), the Instalment Expenditures may be accelerated in time in order that CRI may acquire its several interests in the Property on an accelerated basis.

2.3 CRI and Ungava Exploration acknowledge and agree that Articles 2.1 (a), (b), (c) and (d) are mutually exclusive options and except as specifically provided otherwise, nothing in this Agreement shall be construed as obligating CRI to do any act or make any payment or Instalment Expenditure, and any act or payment or Instalment Expenditure made shall not be construed as obligating CRI to do any further act or make any further payment or Instalment Expenditure. Notwithstanding that, however, if any act, payment or Instalment Expenditure is made by CRI which is sufficient to earn an incremental interest in and to the Property pursuant to this Agreement, such interest acquired shall immediately vest without a right of reversion to Ungava Exploration.

2.4 During the Option Term, CRI may terminate this Agreement at any time upon giving written notice to Ungava Exploration. If this Agreement is terminated by CRI during the Option Term, save and except for CRT's obligations pursuant to Article 2.5 herein, CRI shall not be bound thereafter in debt, damages, work assessments or otherwise under this Agreement and all payments and Instalment Expenditures paid or incurred by CRI up to and including the date that CRI provides written notice of termination shall be deemed fair consideration for the proportionate interests in the Property already acquired by and vested in CRI during the Option Term.

2.5 In the event that CRI terminates this Agreement during the Option Term, CRI shall, commencing on July 1, 2001, be obligated to ensure that all provincial mining taxes due and owing on the Property be paid in full to the to the *Ministere des Finances du Quebec* for a period of 180 days from the date of its notice to terminate.

2.6 During the Option Term, Ungava Exploration shall not incur any expenses on or on behalf of the Property, nor shall it be entitled to carry out any work commitments, Mining Work or projects whatsoever on the Property.

ARTICLE 3 JOINT VENTURE

3.1 In the event that CPI, together with a Designate, if applicable, has acquired an 80% interest in the Property from Ungava Exploration in accordance with the Option, and with the terms and conditions set out in this Agreement, Ungava Exploration and CRI agree and acknowledge that the relationship between Ungava Exploration and CRI shall be deemed conclusively to have formed a joint venture business relationship to carry out all Mining Work, pursuant to which Ungava Exploration shall, commencing as at the date of acceptance of the Bankable Feasibility Study, be responsible to pay 20% of the Joint Venture Expenses, and CRI, together with a Designate, if applicable, shall be responsible to pay 80% of the Joint Venture

Expenses.

- 3.2 The joint venture business relationship between CRI and Ungava Exploration shall not be, and shall not be construed to be, a partnership relationship. Except as otherwise expressly provided herein, the rights, privileges, powers, duties, liabilities and obligations of each of CRI and Ungava Exploration as joint venturers shall be separate and not joint and several.
- 3.3 After the formation of the joint venture, the percentage interest of each of CRI (together with the Designate) and Ungava Exploration in the Property shall at all times correspond with and represent its percentage interest in the joint venture relationship.
- 3.4 Subsequent to the formation of the joint venture relationship between CRI and Ungava Exploration, the Operator shall, on or before January 31 of each year, prepare a program for the Mining Work to be completed for the period April 1 to October 31 of that same year (the "Annual Program"). The Annual Program shall itemize all reasonable projected expenditures as an estimate of costs ("Annual Budget") of the Joint Venture Expenses required to carry out the Mining Work for: (i) each Annual Program; (ii) and for the months ("Off Season Months") of the year not included in the Annual Program.
- 3.5 On July 15 of each and every year the Operator shall have the right to, if it deems fit, to amend the then current Annual Program and Annual Budget in the event that the Mining Work being carried out at the time is materially different from the Annual Program and Annual Budget as determined on the previous January 31.
- 3.6 The funds required for the Annual Budget shall be due and payable by CRI and Ungava Exploration, each as to their proportionate amounts, on the 1st day and the 15th day of each month during the year (the "Cash Call Dates") and the Operator shall use its best efforts to ensure that the funds due and payable on each Cash Call Date are proportionately allocated, taking into consideration the amount of funds required to carry out the Annual Program and those required for the Off Season Months.
- 3.7 Each time that Ungava Exploration does not pay its proportionate allocation of Joint Venture Expenses as stated in the Annual Budget on a Cash Call Date, CRI shall, either solely or together with a Designate, within 24 hours of default of payment by Ungava Exploration, be entitled to, if CRI so elects, pay all or a portion of Ungava Exploration's proportionate allocation of Joint Venture Expenses on behalf of Ungava Exploration, and upon payment of such Joint Venture Expenses incurred by CRI or a Designate, Ungava Exploration shall transfer 1% of its remaining interest in the Property to CRI or a Designate for each \$150,000 in value of Joint Venture Expenses assumed, paid or incurred by CRI or a Designate in accordance with this Article 3.7.
- 3.8 In the event that CRI or a Designate obtains the right to earn and acquire additional interests in the Property in accordance with Article 3.7 herein, CRI shall provide Ungava Exploration with a letter (the "Demand Letter") enclosing: (i) reasonable proof of payment of the Joint Venture Expenses paid by CRI or a Designate on behalf of Ungava; and (ii) an accounting of the percentage of interest in the Property required to be transferred from Ungava Exploration to CRI, or as it may in writing direct, as permitted by Article 3.7 herein. Ungava Exploration shall, within 5 Business Days of the date of the Demand Letter, effect a transfer of its interest in and to the Property to CRI, or as it may in writing direct.
- 3.9 In the event Ungava Exploration's interest in the Property is reduced to a 10% interest under the provisions of Articles 3.7 and 3.8 herein, such 10% interest held by Ungava Exploration in the Property shall be automatically converted to an entitlement of 1% of the NSR (the "Ungava NSR") derived from the Property, effective on the date that Ungava Exploration's interest in the Property is diluted to 10%. Upon such occurrence, Ungava Exploration shall not participate in any Mining Work and shall not be obligated to contribute to the Joint Venture Expenses.

- 3.10 In the event that Ungava Exploration's interest in the Property is converted to the Ungava NSR, Ungava Exploration shall grant an option to CRI, or a Designate, to purchase the Ungava NSR for consideration of \$1,500,000, and the option to purchase the Ungava NSR as set out in this Article 3.10 shall expire 12 months following the Commercial Production Date.

ARTICLE 4 PURCHASE AND SALE OF GOGAMA NSR

- 4.1 Gogama and Alberta represent that they are the several owners of the Gogama NSR and wish to transfer and convey the Gogama NSR to CRI and CRI represents that it is willing to purchase the Gogama NSR subject to the terms and conditions set out in this Article 4.
- 4.2 Gogama and Ungava, jointly and severally, agree to sell, transfer and assign the Gogama NSR to CRI and CRI agrees to purchase the Gogama NSR from Gogama and Ungava, for consideration of \$50,000 cash, payable as follows:
- a) \$10,000 from CRI to Alberta, or as it may in writing direct, upon execution of this Agreement;
 - b) \$10,000 from CRI to Gogama, or as it may in writing direct, upon execution of this Agreement;
 - c) \$5,000 from CRI to Alberta, or as it may in writing direct, on or before January 12, 2003;
 - d) \$5,000 from CRI to Gogama, or as it may in writing direct, on or before January 12, 2003;
 - e) \$5,000 from CRI to Alberta, or as it may in writing direct, on or before January 12, 2004;
 - f) \$5,000 from CRI to Gogama, or as it may in writing direct, on or before January 12, 2004;
 - g) \$5,000 from CRI to Alberta, or as it may in writing direct, on or before January 12, 2005; and
 - h) \$5,000 from CRI to Gogama, or as it may in writing direct, on or before January 12, 2005.
- 4.3 Gogama and Alberta shall execute a conveyance agreement in substantially the form attached hereto as Schedule "B" immediately upon execution of this Agreement and receipt of \$20,000 in accordance with Article 4.2 (a) and (b) herein. The conveyance of the Gogama NSR shall not be registered against title to the Property until the Gogama NSR purchase price has been paid in full.
- 4.4 In the event that CRI terminates this Agreement during the Option Term in accordance with Article 2.4 herein, CRI shall not, subsequent to the date of written notice of termination, be bound thereafter in debt, damages or otherwise with respect to any remaining or outstanding payments required to be made in accordance with Article 4.2 herein, and the conveyance of the Gogama NSR shall be returned to Gogama and Alberta severally, and CRI shall thereafter have no interest in the Gogama NSR.
- 4.5 Gogama and Alberta hereby jointly and severally represent and warrant to CRI as follows, and confirm that CRI is relying upon the accuracy of each of such representations and warranties in connection with the purchase of the Gogama NSR:

- a) that each of Gogama and Alberta have good right, full corporate power and absolute authority to enter into this Agreement and to sell, assign and transfer the Gogama NSR to CRI in the manner contemplated herein;
 - b) that Gogama and Alberta, jointly, are the legal and beneficial holders of the Gogama NSR, free and clear of all liens or Encumbrances;
 - c) that neither Gogama or Alberta have sold, transferred, pledged, mortgaged or hypothecated the Gogama NSR, and that no other person or entity, corporate or otherwise, has any agreement, option, understanding or commitment, or any right or privilege (whether by law, preemptive or contractual) capable of becoming an agreement, option or commitment, for the purchase or acquisition of the Gogama NSR from either Gogama or Alberta; and
 - d) the sale of the Gogama NSR does not violate any agreement or document to which Gogama and Alberta is a party to, or by which either of them may be bound by.
- 4.6 Gogama and Alberta jointly and severally covenant to CRI that they will do or cause to be done the following:
- a) upon execution of this Agreement and receipt of \$50,000 referred to in Article 4.2 (a) and (b), take or cause to be taken all proper steps and actions to enable CRI to vest a good and marketable title in CRI to the Gogama NSR, free and clear of all liens, mortgages, Encumbrances, equities or claims of every nature and kind whatsoever;
 - and
 - b) to assist CRI in obtaining all required consents to transfer the Gogama NSR to CRI and to execute all required documents, certificates and notices in connection therewith.

ARTICLE 5 RIGHT TO TRANSFER

- 5.1 CRI, at its sole discretion, shall have the irrevocable and unilateral right to transfer, from time to time, all or a portion of its interest in and to the Property without the consent of any other party. Notwithstanding that right, no transfer of interest by CRI shall be effected without the transferee executing an agreement amending this Agreement pursuant to which the rights of the parties to this Agreement are acknowledged and the transferee agrees to be bound by the terms and conditions of this Agreement as if it were an original signatory hereto signing as a partner of CRI and being jointly referred to herein as CRI.
- 5.2 During the term of this Agreement, Ungava Exploration shall not be permitted to transfer any of its interest in and to the Property to any other party, except to CRI, to a nominee thereof, to a Designate in accordance with this Agreement, or to a party not at arms length from Ungava Exploration or Ungava Minerals unless: (i) such transfer of interest in the Property is the Ungava NSR as defined in Article 3.9 herein; or (ii) is a transfer of interest to a creditor pursuant to the terms of a mortgage, pledge, charge, hypothecate or other encumbrance in accordance with Article 9.2 herein. A transfer of interest in the Property by Ungava Exploration shall not be effected without the transferee executing an agreement amending this Agreement pursuant to which the rights of the parties to this Agreement are acknowledged and the transferee agrees to be bound by the terms and conditions of this Agreement as if it were an original signatory hereto.

ARTICLE 6 OPERATOR

- 6.1 CRI shall be the Operator of all Mining Work carried out on the Property during the period in which CRI is entitled to earn an interest in the Property, and CRI shall remain Operator of the Property if it, together with a Designate, maintains an aggregate 50% interest in the Property.

- 6.2 CRI, acting reasonably, shall be entitled to appoint an alternate Operator, without the consent of any other party, in the event that it elects not to be Operator.
- 6.3 The Operator's responsibilities shall include, but not be limited to: (i) managing and supervising all Mining Work on the Property; (ii) managing and supervising the applicable joint venture relationships with respect to all activities and Mining Work carried out on the Property; (iii) determining, acting reasonably, the Commercial Production Date in accordance with Article 3.10 herein; and (iv) determining, acting reasonably, all activities, elements, components and items comprising the Joint Venture Expenses in accordance with Article 3 herein and carrying out any and all tasks specified by Article 3 herein.
- 6.4 The Operator shall at all times and in all regards be under an obligation to act reasonably in relation to Ungava Exploration.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES

- 7.1 Ungava Exploration and Ungava Minerals jointly and severally represent and warrant to CRI as follows, and confirm that CRI is relying upon the accuracy of such representations and warranties in connection with this Agreement, that upon the Effective Date:
- a) each of Ungava Exploration and Ungava Minerals have good right, full corporate power and absolute authority to enter into this Agreement and to perform all of their obligations under this Agreement;
 - b) subject only to the Gogama NSR, Ungava Exploration is the sole recorded and beneficial owner of an undivided 100% interest in and to the Property, with good and marketable title thereto;
 - c) the mineral permits comprising the Property: (i) are accurately described in Schedule "A" attached hereto; (ii) have been properly located, staked and recorded in compliance with the laws of the province of Quebec; and (iii) are valid and subsisting mineral permits as at the date of this Agreement;
 - d) the Property is in good standing under all applicable laws and regulations, all assessment work required to be performed and filed has been performed and filed, all taxes and other payments required to be made to the date of this Agreement have been paid and all filings have been made;
 - e) the Property conforms with all applicable environmental laws and all franchises, permits, licenses, certificates of compliance, consents, approvals and authorizations under all applicable environmental laws;
 - f) to the knowledge of Ungava Exploration and Ungava Minerals, there are no toxic materials or hazardous waste stored on the Property, save for a few glass bottles of assaying chemicals located in one of the shacks on the property, and empty fuel barrels located on the Property;
 - g) there are no outstanding work orders in respect of the Property or operations thereon, nor has Ungava Exploration or Ungava Minerals received notice of same, and no

12

action is required to be taken on the Property in respect of reclamation or restoration of the Property in its current state and condition,

- h) except for the Gogama NSR, the Property is free and clear of any Encumbrances, liens or charges and neither Ungava Exploration nor Ungava Minerals, or any predecessors in interest or title, have done anything whereby the Property may be or become encumbered;
- i) there are no adverse claims or challenges against or to the ownership of or title to any of the mineral permits comprising the Property, nor is there any basis therefor;
- j) no other person or entity, corporate or otherwise, has any agreement, option, understanding or commitment, or any right or privilege (whether by law, preemptive or contractual) capable of becoming an agreement, option or commitment, to acquire an interest in the Property;
- k) neither Ungava Exploration nor Ungava Minerals are under any obligation, contractual or otherwise, to request or obtain the consent of any person or entity, and no permits, licences, certifications, authorizations or approvals of, or notifications to, any federal, provincial, municipal or local government or governmental agency, board or commission are required to be obtained by Ungava Exploration in connection with the execution, delivery or performance by Ungava Exploration of this Agreement or the completion of any of the transactions contemplated in this Agreement;
- l) each of Ungava Exploration and Ungava Minerals are corporations, duly incorporated and validly subsisting in all respects under the laws of their respective jurisdictions of incorporation;
- m) there are no liabilities (contingent or otherwise) of either Ungava Exploration or Ungava Minerals, of any kind whatsoever in respect of which CRI may become liable on or after the consummation of the transactions contemplated by this Agreement;
- n) there are no actions, suits or proceedings, judicial or administrative (whether or not purportedly on behalf of either Ungava Exploration or Ungava Minerals pending or, to the best of the knowledge of each of Ungava Exploration and Ungava Minerals, threatened by or against or affecting either Ungava Exploration or Ungava Minerals which relate to the Property, at law or in equity, or before or by any court or any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign;
- o) Ungava Exploration represents that its proper corporate name is Ungava Exploration Inc., and that it is sometimes referred to as Exploration Minerale Ungava Inc., and notwithstanding this inconsistency, it is one and the same company, incorporated pursuant to the laws of Quebec;
- p) there is no circumstance or fact known by Ungava Exploration and Ungava Minerals which: (i) should be disclosed to CRI in order to make any representation or warranty herein not misleading; or (ii) which has not been disclosed to CRI which may materially and adversely affect the Property.

7.2 CRI represents and warrants to Ungava Exploration and Ungava Minerals as follows, and confirm that each of Ungava Exploration and Ungava Minerals is relying upon the accuracy of such representations and warranties in connection with this Agreement:

- a) CRI has good right, full corporate power and absolute authority to enter into this Agreement and to perform all of its obligations under this Agreement;
- b) CRI has been duly incorporated and validly exists as a corporation in good standing under the laws of the Province of Alberta;
- c) no proceedings are pending for, and CRI is unaware of any basis for the institution of any proceedings leading to the dissolution or winding up of CRI or the placing of CRI in bankruptcy pursuant to laws governing the affairs of insolvent corporations;
- d) the execution of this Agreement and each and every agreement or document to be executed and delivered hereunder and the consummation of the transactions contemplated herein will not violate, nor be in contact with any provision of any material agreement or instrument to which CRI is a party or is bound, or any judgment, decree, order, statute, rule or regulation applicable to CRI or the constating documents or by-laws of CRI; and
- e) as at the Effective Date, CRI has no intention that the Designate be Falconbridge Limited.

- 7.3 Notwithstanding anything to the contrary herein expressed or implied, it is expressly agreed and understood that the covenants, representations and warranties set forth in this Article 7 shall survive the Effective Date and shall apply to all assignments, conveyances, transfers and documents delivered in connection with this Agreement and there shall not be any merger of any representations and warranties in such assignments, conveyances, transfers or documents notwithstanding any rule of law, equity or statute to the contrary and all such rules are hereby waived. CRI shall have the right to waive any representation and warranty made by Ungava Exploration and Ungava Minerals in CRT's favour without prejudice to any of its recourses with respect to any other breach by Ungava Exploration or Ungava Minerals, and each of Ungava Exploration and Ungava Minerals shall have the same right with respect to any of CRI's representations in favour of Ungava Exploration or Ungava Minerals.

ARTICLE 8 COVENANTS

8.1 During the currency of this Agreement, Ungava Exploration and Ungava Minerals shall:

- a) permit CRI and a Designate, at their own risk and expense, to access the Property at all times;
- b) permit CRI, at its own expense, access to the results of all previous work done on the Property;
- c) deliver to CRI, within 10 business days of the Effective Date, copies of all reports, maps, assay results and other technical data compiled by or prepared by Ungava Exploration and Ungava Minerals;
- d) promptly provide CRI with any and all notices and correspondence from government agencies in respect of the Property;
- e) co-operate with CRI in obtaining any permits or licenses required by authorities in the Nunavik region;

- f) not do or permit or suffer to be done any act or thing which would or might in any way adversely affect the rights of CRI hereunder;
- g) keep confidential all information and materials that are not public information with respect to the Property, and each of Ungava Exploration and Ungava Minerals hereby covenant and agree that no information furnished by CRI or a Designate in respect of the Property or activities carried out on the Property shall be published or disclosed by either Ungava Exploration and Ungava Minerals without prior written consent of CPI, and such consent shall not be withheld in respect of information required to be publicly disclosed pursuant to applicable securities regulatory authorities;
- h) comply in all respects with Article 2.6 herein and refrain completely from carrying out any activities or Mining Work on the Property or encumbering the Property during the Option Term unless otherwise agreed to in writing by CRI;
- i) refrain completely from interfering with the activities or Mining Work carried out on the Property or on behalf of the Property by CRI or a Designate during the Option Term and shall ensure that all officers, directors, associates and affiliates of each of Ungava Exploration and Ungava Minerals comply with this Article 8.1(i);
- j) deal with CRI and a Designate in a fair and reasonable manner, and shall ensure that all officers, directors, associates and affiliates of Ungava Exploration and Ungava Minerals comply with this Article 8.1(j) herein;
- k) save harmless from and against any loss, liability, claim, demand, damage, expense, injury or death arising out of or in connection with the operations or activities which were carried out on the Property prior to the Effective Date, except for claims arising as a result of the glass bottles of assaying chemicals located in one of the shacks on the Property and the empty fuel barrels located in the Property;
- l) register or record all necessary documentation with respect to the execution of this Agreement at the appropriate public offices of record;
- m) promptly make all necessary filings on the Property either as determined by the Operator, CRI or a Designate;
- n) maintain corporate registration with the jurisdictions in which each are incorporated, or continued in, in order that neither Ungava Exploration or Ungava Minerals are struck from the applicable corporate registry or wound up in accordance with applicable corporate laws and regulations.

8.2 During the currency of this Agreement CRI shall:

- a) conduct all Mining Work in a good and workpersonlike manner in accordance with good mining and engineering practice and in compliance with all applicable laws, regulations and orders;
- b) deliver copies of all assessment reports and maps to Ungava Exploration as the same become available and will permit Ungava Exploration or its agents duly authorized in writing to enter upon the Property at any reasonable time to inspect the workings thereon and all assays, plans, maps, diamond drill cores, records and other data in its possession relating to the work done by it on the Property, provided that such inspections shall not interfere with the work being carried out thereon by CRI and that such inspections shall be at the sole risk and cost of Ungava Exploration, and

- provided only that Ungava Exploration will indemnify and save harmless CRI and its directors, officers, employees and agents from and against all and any losses, damages, expenses, claims, suits, actions and demands of any kind or nature whatsoever in any way referable to or arising out of the entry, presence or activities of Ungava Exploration or its representatives or agents under this Article 8.2 (b), including, without limitation, bodily injuries or death or damage to property at any time resulting therefrom;
- c) use its best efforts to ensure that all general and administrative costs ("G & A") included in the Instalment Expenditures, the Joint Venture Expenses, and the Mining Work are reasonable, are incurred in accordance with normal industry practice, and do not exceed 15% of expenses directly related to maintaining and developing the Property;
 - d) keep the Property unencumbered, except for permitted Encumbrances, or except as consented to by Ungava Exploration, which consent shall not be unreasonably withheld if the purpose of the Encumbrance is to further the exploration and development of the Property;
 - e) use its best efforts to maintain the Property and all subject permits and claims in good standing during the Option Term; and
 - f) manage all issues relating to empty fuel barrels and bottles of assay chemicals referred to in Article 7.1 (f) herein, the expenses of which shall be included as Instalment Expenditures, if incurred during the Option Term.

ARTICLE 9 POWER TO CHARGE PROPERTY

9.1 If, subsequent to the Option Term, CRI has earned an interest in the Property, CRI may grant mortgages, charges or liens (each of which is herein called a "mortgage") of and upon the Property or any portion thereof, any mill or other fixed assets located thereon, and any or all of the tangible personal property located on or used in connection with the Property to secure financing for the purposes of exploration and development of the Property.

9.2 Ungava Exploration, and any associate, insider or affiliate of Ungava Exploration, shall not mortgage, pledge, charge, hypothecate or otherwise encumber the Property during the Option Term, and if, subsequent to the Option Term, CRI has earned an interest in the Property, Ungava Exploration shall not mortgage, pledge, charge, hypothecate or otherwise encumber the Property without the written consent of CRI, which consent may not be arbitrarily withheld if such encumbrances are to secure financing for the purposes of exploration and development of the Property.

ARTICLE 10 FORCE MAJURE

- 10.1 If any of the parties is at any time prevented or delayed in complying with any provisions of this Agreement by reason of event which occurs for reasons beyond the reasonable control of the party affected thereby (other than a lack of funds), including but not limited to, an act of God, extreme weather conditions or acts of nature, fire, explosion, flood, earthquake, extraordinary accidents or disasters, war, civil disorders or disturbances, delays in transportation or the inability to obtain necessary materials or fuel due to reasonably unforeseen or unavoidable causes, strikes and labour disputes (whether or not the demands of the employees involved are reasonable and capable of being conceded to or complied with), breakdown, malfunction or inoperability of, or damage to machinery or plant, court orders, applicable laws, a requirement to comply with the terms of any legislation, rules or regulations of any governmental agency, including the failure or refusal of governmental agencies to issue necessary licenses or permits for which application is timely and properly made and which are diligently pursued, or any other cause of the same character beyond the reasonable control of the responsible party (the

"Force Majeure), the time limit for performance of the party affected of its obligations hereunder shall be extended by a period of time equal in length to the period of each such prevention or delay, but nothing herein shall discharge CRI from its obligations to maintain the Property in good standing during the Option Term, and nothing herein shall discharge CRI and Ungava Exploration from their respective obligations to maintain the Property in good standing subsequent to the Option Term.

- 10.2 The party affected by an event of Force Majeure shall give prompt notice to the other parties of each event of Force Majeure and upon cessation of such event shall furnish to the other parties notice to that effect together with particulars of the number of days by which the obligations of the other party affected by the Force Majeure hereunder have been extended by virtue of such event of Force Majeure and all preceding events of Force Majeure.

ARTICLE 11 NOTICES

11.1 Any notice, consent or waiver or other document required or permitted to be given to any party hereunder shall be in writing and may be sufficiently given by personal delivery or by sending the same by facsimile to the following addresses:

(a) If to CR1:

152 chemin de la mine ecole
Val d'Or, Quebec, J9P 7B6
Attn: Glenn J. Mullan
Facsimile No. (819) 824-1003

(b) If to Ungava Exploration Inc.

C/o Suite 485, Port Credit Postal Station Mississauga, Ontario, L5G 4M2
Attn: President
Facsimile No. (416) 352-5258

(c) If to Ungava Minerals Corp.

C/o Suite 485, Port Credit Postal Station
Mississauga, Ontario, L5G 4M2 Attn: President
Facsimile No. (416) 352-5258

(d) If to Gogama Gold Inc.

C/o Suite 485, Port Credit Postal Station Mississauga, Ontario, L5G 4M2
Attn: President
Facsimile No. (416) 352-5258

(e) If to 582556 Alberta Inc.

C/o Pine Tree Capital Corp.
First Canadian Place, Stock Exchange Tower 130 King Street West
Toronto, Ontario
P.O. Box 47, M5X 1A9
Attn: Mr. Sheldon Inwentash

Any such notice, consent or waiver or other document shall (i) if delivered, be deemed to have been given or made at the time of delivery, and (iii) if sent by facsimile, be deemed to have been given or made at the time in which it was successfully transmitted (unless transmission is received after normal business hours, in which case the date of receipt shall be deemed to be the next business day). Any party hereto may change its address for service by giving notice thereof to the other parties hereto in accordance with this section.

ARTICLE 12 ARBITRATION

12.1 All disagreements or disputes arising between CPI, the Designate and each of their successors and assigns on the one part (all of whom shall be referred to as "Party I in this Article 12 only), and Ungava Exploration and Ungava Minerals, each of their successors and assigns on the other part (all of whom shall be referred to as "Party 2" in this Article 12 only), which directly or indirectly arise from this Agreement, shall be definitively settled by arbitration in accordance with the Centre d'arbitrage commercial national et international du Quebec, thus excluding all recourse to the Courts. Arbitration shall be conducted in accordance with the Centre d'arbitrage commercial arbitration regulations in force at the time of the execution of this Agreement, and Party I and Party 2 hereto declare themselves to be bound by the said regulations. Excluded are disagreements or disputes which can be decided by the Small Claims Court of Quebec or which could be if the plaintiff reduced the claim to render the claim eligible before the Court. The Small Claims Court of Quebec shall then be fully authorized to settle the disagreement or dispute.

12.2 Arbitration shall be conducted by a single arbitrator. Within 7 days from the date that one party receives notice from the other party of a dispute or disagreement in writing, one arbitrator shall be appointed by Party I and a second arbitrator shall be appointed by Party 2. The two arbitrators so appointed shall, within 14 days of the notice of dispute, in turn select a third arbitrator to settle all matters arising from the dispute. In the event that either Party I or Party 2, or their selected arbitrators, fail to appoint an arbitrator within the prescribed periods, the party in default of the time provisions shall automatically accept the arbitrator selected by the party not in default, as being the selected arbitrator to settle all matters arising from the dispute.

12.3 An arbitrator must be a practicing notary, advocate, or accountant, or a retired justice of the Superior Court of Quebec, and the arbitrator may act as he or she sees fit to render a decision as reasonable persons would in such circumstance. The arbitrator shall limit himself or herself to the question or dispute submitted, and the arbitrator's decision shall be final and not subject to appeal. Each member of Party I and Party 2 shall be obliged to respect the decision of the arbitrator.

12.4 Arbitration fees shall be at the expense of the unsuccessful party.

ARTICLE 13 MISCELLANEOUS

13.1 This Agreement including any applicable Schedules hereto constitutes the entire agreement between the parties and supersedes and replaces any other agreement or arrangement. There are not and shall not be any oral statements, representations, warranties, undertakings or agreements between the parties other than in this Agreement. This Agreement may not be amended or modified in any respect except by written instruments signed by the parties hereto.

13.2 Time shall be of the essence of this Agreement.

13.3 All parties hereto shall from time to time and at all times hereafter, without further consideration, do and perform all such further acts and things, and execute and deliver all such further agreements, assurances, deeds, assignments, conveyance notices, releases and other documents and instruments, as may be reasonably be required to complete the transactions contemplated herein in accordance with the intent and purpose of this Agreement.

13.4 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, successors and permitted assigns. Neither this Agreement nor any rights or obligations hereunder may be assigned by any party without the prior written consent of the other parties hereto, and heirs, executors, successors and permitted assigns shall enter into an agreement with the parties hereto to amend this Agreement in order that such heir, executor, successor or permitted assignee is bound by the terms of this Agreement as if it were an original signatory hereto.

13.5 Any reference to currency in this Agreement shall be deemed to be Canadian currency.

13.6 If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Agreement, or the legality, validity or enforceability of that provision in any other jurisdiction.

13.7 This Agreement shall be governed by and construed in accordance with the laws of Quebec. Les parties reconnaissent leur volonté expresse que la présente entente ainsi que tous les documents et contrats s'y rattachant directement ou indirectement soient rédigés en anglais.

13.8 This Agreement may be executed in one or more counterparts, each of which so executed shall constitute an original and all of which together shall constitute one and the same Agreement, and delivery of executed counterparts by facsimile shall be as effective as delivery of an original.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the Effective Date.

CANADIAN ROYALTIES INC.

UNGAVA MINERALS EXPLORATION

INC.

Per: _____

Per: _____

GOGAMA GOLD INC.

UNGAVA MINERALS CORP.

Per: _____

Per: _____

582556 ALBERTA INC.

Per: _____

SCHEDULE "A"

To the Agreement dated January 12, 2001

Between Canadian Royalties Inc., Ungava Exploration Inc., Ungava Minerals Corp., Gogama Gold Inc., and 582556 Alberta Inc.

The Property

A) PERMIT PEM0000970 - Ungava 17,300 hectares

B) CLAIMS

(i) Lac Rinfret: 2521473, 2521474, 2521475, 2521485, 2521593, 2521594,
2521595, 2521603, 2521604, 2521605, 2521613, 2521614, 2521615, 2521624,
2521625 and 2783272

(ii) Lac Fleury: 2521653, 2521654, 2521655, 2521661, 2521662, 2521663,
2521664, 2521665, 2521671, 2521672, 2521673, 2521674, and 2521675

SCHEDULE "B"

To the Agreement dated January 12, 2001

Between Canadian Royalties Inc., Ungava Exploration Inc., Ungava Minerals Corp., Gogama Gold Inc.,
and 582556 Alberta Inc.

Form of Conveyance Agreement in accordance with Article 4.2

CONVEYANCE AGREEMENT

THIS AGREEMENT dated the 12th day of January, 2001.

BETWEEN:

CANADIAN ROYALTIES INC., a corporation incorporated pursuant to the laws of the Province of Alberta (the "CRY")

OF THE FIRST PART

-

and -

GOGAMA GOLD INC., a corporation incorporated pursuant to the laws of Alberta ("Gogama")

OF THE SECOND PART

-

and -

582556 ALBERTA INC., a corporation incorporated pursuant to the laws of Alberta, ("Alberta")

WHEREAS Gogama and Alberta have a right to a 2% NSR on a mining property located in Ungava, Quebec, registered as PEM 000970 (which includes various mining claims thereunder) at the *Ministere des Ressources Naturelles du Quebec* (MRN), and each of Gogama and Alberta wish to transfer their interest in and to the 2% NSR to CRI, and CRI is desirous of purchasing such NSR, subject to the terms and conditions set out herein.

NOW THEREFORE for the consideration provided in the Joint Venture Agreement, as hereinafter defined, and in consideration of the premises hereto and the covenants and agreements hereinafter set forth and contained, the parties hereto covenant and agree as follows:

1 Definitions

"Joint Venture Agreement" means the agreement entitled "Agreement" made January 12, 2001 between CRI, Gogama, Alberta, and two other parties, being Ungava Exploration Inc. and Ungava Minerals Corp.

"Gogama Agreement" means the agreement entitled "Vending Agreement", a copy of which is attached hereto as Schedule "A", made as of the 20th day of January, 1995 between Gogama and Ungava Exploration Inc., pursuant to which Gogama and Alberta were granted a several interest in and to the Gogama NSR, as that term is defined in the Joint Venture Agreement.

In addition, the definitions provided for in the Joint Venture Agreement are incorporated herein by this reference, and are marked in bold print.

Conveyance

Gogama and Alberta, pursuant to and for the consideration provided for in the

Joint Venture Agreement, the receipt and sufficiency of such consideration being hereby acknowledged by each of Gogama and Alberta, hereby sell, assign, transfer, convey and set over to CRI the entire right, title, estate and interest of each of Gogama and Alberta in and to the Gogama NSR, to have and to hold the same absolutely, together with all benefit and advantage to be derived therefrom.

3. Subordinate Documents

This agreement is executed and delivered by the parties hereto pursuant to and for the purposes of the provisions of the Joint Venture Agreement and the provisions of the Joint Venture Agreement shall prevail and govern in the event of a conflict between the provisions of the Joint Venture Agreement and this agreement.

4. Enurement

This agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective heirs, executors, successors and permitted assigns. Neither this agreement nor any rights or obligations hereunder may be assigned by any party without the prior written consent of the other parties hereto.

Further Assurances

Each party hereto will, from time to time and at all times hereafter, at the request of the other party but without further consideration, do all such acts and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms hereof.

Counterpart

This agreement may be executed in one or more counterparts, each of which so executed shall constitute an original and all of which together shall constitute one and the same agreements, and delivery of executed counterparts by facsimile shall be as effective as delivery of an original.

IN WITNESS WHEREOF the parties hereto have executed this Conveyance Agreement as of the date first written above.

CANADIAN ROYALTIES INC.

GOGAMA GOLD INC.

Per: _____

Per: _____

—

582556 ALBERTA INC.

Per: _____

i

SCHEDULE "A"

to the Conveyance Agreement between
Canadian Royalties Inc., Gogama Gold Inc., and 582556 Alberta Inc.

VENDING AGREEMENT DATED JANUARY 20, 1995
BETWEEN GOGAMA GOLD INC. AND UNGAVA EXPLORATION INC.

THIS VENDING AGREEMENT made as of the 20th day of January, 1995.

BETWEEN:
GOGAMA GOLD INC., a corporation continued
under the laws of the Province of Alberta,

(herein called the "Vendor")
OF THE FIRST PART

and

UNGAVA EXPLORATION INC., a corporation incorporated under the laws of the Province of Quebec,
(herein called the "Purchaser")

OF THE SECOND PART

WHEREAS the Vendor owns all right, title and interest in and to a mineral disposition, located In the Ungava area of Ruperts Land, Province of Quebec, more particularly described in Schedule "A" annexed hereto (herein called the "Disposition");

AND WHEREAS the Vendor is desirous of transferring a 100 % working interest in and to the Disposition to the Purchaser, upon the terms and conditions contained herein;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and for other good and valuable consideration and the payment of ten (\$10.00) dollars by each party to the other, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree each with the other as follows:

The Vendor hereby sells, grants, transfers and assigns all of its right, title and interest in and to the disposition to the Purchaser for valuable consideration herein described.

2. The Vendor and Purchaser agree that a 2% net smelter returns royalty in the Disposition as defined in Schedule "B" hereto shall be reserved in favour of the Vendor as to one-half interest therein and in favour of 582556 Alberta Inc. as to one-half interest therein and to 582556 Alberta Inc. as to one-half interest therein.

The Vendor does hereby transfer and assign to the Purchaser 100% working interest in the Disposition, subject to the 2% royalty referred to above, in consideration of 5,000,000 common shares of the Purchaser, issued from treasury to Quegama Inc. as to 1,500,000 shares and to 9010-4530 Quebec Inc. as to 3,500,000 shares, each with a paid up value and deemed value of \$0.10.

4. The Vendor warrants and represents to the Purchaser, upon which warranties and representations the Purchaser relies, as follows:

- (a) that the Vendor is the sole, exclusive and beneficial owner of the Disposition, which is not subject to any mortgages or other encumbrances;
- (b) that the Vendor has not heretofore dealt with its right, title and interest in and to the disposition;
- (c) that the Vendor has the right and authority to enter into this Agreement;
- (d) that all of the Disposition is presently in good standing under the limitations and restrictions of the laws of the Province of Quebec;
- (c) that all taxes and all other governmental levies and charges which may have accrued against or upon the Disposition have been paid; and
- (t) that the Purchaser shall have quiet possession of the disposition.

5. Any notice required to be given by either party to any other herein shall be in writing and shall be well and sufficiently given if sent by registered mail, postage pre-paid,

to the Vendor:

Gogama Gold Inc.
c/o Erikson & Associates
Suite 2805, Box 175
The Exchange Tower
2 First Canadian Place
Toronto, Ontario
M5X 1C7

to the Purchaser:

Ungava Explorations Inc.
Bureau 200
1091 Chemin St. Louis
Sillery, Quebec
G1S 1E2

The parties may by written notice alter their address for service of notices.

6. All notice given herein shall be deemed received three (3) days after posting in a post office box. PROVIDED, HOWEVER, that if there should be a postal strike, slow-down or other labour dispute which may affect the delivery of the notice through the mail between the time of mailing and the actual receipt of the notice, then the notice shall be effective only if actually delivered.

7 The parties hereto agree that they shall execute all such other documents and further assurances as may reasonably be required to give effect to the intent expressed herein.

8. The Vendor shall forthwith deliver to the Purchaser upon the execution of this Agreement a registrable transfer of an undivided 100% working interest in and to the Disposition which may be registered by the Purchaser. The Vendor shall be entitled to register notice of the net smelter returns royalty against title to the Disposition.
9. All payment of funds referred to in. this Agreement shall be in Canadian currency.
10. This Agreement shall be construed in accordance with the laws of the Province of Ontario.
11. This Agreement and Schedules "A" and "B" annexed hereto, supersede all prior negotiations, undertakings and agreements between the parties with respect to the subject matter hereof, and this Agreement and its schedules constitute the entire agreement of the parties respecting the matters herein contained.
12. No amendment, modification, alteration, or waiver of the terms of this Agreement shall be binding unless made in writing and executed by the parties hereto or their successors and assigns.
13. Subject to the terms and provisions hereof, this Agreement shall be binding upon the enure to the benefit of the parties hereon, their respective heirs, executors, administrators, successors and assigns, as the case may be.
14. Any party hereto shall be entitled to register the Agreement of notice hereof against title to the Disposition.

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the day and year first above written.

SIGNED, SEALED and DELIVERED)
) GOGAMA GOLD INC.
)
)
)
)
) Per: _____
) A.S.O.
)
)
)
) UNGAVA EXPLORATION INC.
)
)
)
)
) Per: _____
) A.S.O

SCHEDULE "A"

to the vending Agreement dated
the 20th day of January, 1995
between Gogama Gold Inc and

Ungava Exploration Inc.

Property and Location

A) PERMIT PEM000970 - Ungava 17,300 hectares

B) (i) Lac Rinfret: 2521473, 2521474, 2521475, 2521485, 2521593, 2521594, 2521595
2521603, 2521604, 2521605, 2521613, 2521614, 2521615, 2521624,
2521625 and 2783272

(ii) Lac Fleury: 2521653, 2521654, 2521655, 2521661, 2521662, 2521663, 2521664,
2521665, 2521671, 2521672, 2521673, 2521674, and 2521675

SCHEDULE "B"

to the Vending Agreement
of the 20th day of January, 1995 between Gogama Gold Inc. and
Ungava Exploration Inc.

I. If ore is mined from the Disposition and milled or concentrated by the Purchaser or its successors in interest, It shall pay equally to Gogama Gold Inc. and 582556 Alberta Inc. (herein only collectively referred to as the "Vendors") or their respective successors in interest, a royalty equal to two (2%) per cent of the net smelter returns realized, or deemed to be realized as hereinafter provided, from the sale or other disposition of concentrates derived from such ore. For the purposes hereof "net smelter returns" means the net amount paid by the smelter purchasing such concentrates, after deduction of the treatment charges, penalties and such other deductions made by the smelter from the full metal content of economically recoverable minerals contained in such concentrates and after deductions of the cost of delivering such concentrates from the concentrator to such smelter. In the event that such concentrates are sold to or further processed by the Purchaser or the Vendors or any affiliate or associate (within the meaning of the Securities Act (Ontario)) of any of them or their respective successors in interest, the net smelter returns realized shall be deemed to be equal to the fair market value of such concentrates F.O.B. the concentrator, which shall be determined by using the prices and terms quoted by the smelter closest to the mine dealing at arm's length with the Purchaser and the Vendors and their respective successors in interest, making due allowances for the cost of delivering such concentrates from the concentrator to such smelter. In the even that ore mined from the Disposition is sold, as such, to the Vendors or to a purchaser not dealing at arm's length with the Purchaser or their respective successors in interest, the net smelter returns realized shall be deemed to be equal to the gross metal value of economically recoverable minerals contained in such ore after deduction of the cost of delivering such arc from the mine head to the said purchaser.

2. Payments of the net smelter returns royalty shall be made at least quarterly within thirty (30) days after the calendar quarter for which the royalty is payable and shall be accompanied by reasonable details concerning the basis on which it was computed. The amount of any quarterly royalty may be estimated. Payment for the last quarter of the calendar year shall be subject to adjustment, further payments or repayments of royalty as the case may be by the party affected. The statement of net smelter returns royalty for the calendar year shall be audited at the expense of the Purchaser or its successors in interest within ninety (90) days of the calendar year end by a firm of chartered accountants, which may be a firm used otherwise by the Purchaser or its successors in Interest. The Vendors or their successors in interest shall have ninety (90) days after receipt of the audited statement for the calendar year to object thereto, and failing such objection the audited statement shall be final. In the event any objections so raised by the Vendors or their successors in interest cannot be amicably resolved within sixty (60) days, they shall have the right to conduct, at their expense, an independent audit by another firm of chartered accountants, which may be a firm used otherwise by them, and if any objections remain after such audit has been conducted, the matter in dispute shall be submitted to arbitration, as provided for in this Schedule. Any payments or repayments or royalty required by any final audit shall be made immediately by the party affected.

3. (a) Any dispute concerning the terms of the Agreement of 20 January, 1995 annexed, or the calculation of the net smelter returns royalty payable hereunder, shall be finally settled by arbitration.

(b) It shall be a condition precedent to the right of either the Purchaser or the Vendors or their respective successors in interest to submit any matter to arbitration pursuant to the provisions hereof, that such party shall have given not less than ten (10) days prior written notice of its intention to do so to the other Party. On the expiration of such ten (10) days the party who gave such notice (the "Referring Party") may proceed to refer the dispute to arbitration as herein provided.

(c) The Referring Party shall proceed to refer the dispute to arbitration by appointing one arbitrator (the "Referring Party's Arbitrator"), and shall notify the other party (the "Responding Party"), of such appointment, and the Responding Party, within fifteen (15) days after receiving notice of the appointment of the Referring Party's Arbitrator, shall appoint one arbitrator (the "Responding Party's Arbitrator"), and the arbitrators so named, before proceeding to act and within thirty (30) days of their appointment, shall agree unanimously on the appointment of a third arbitrator to act with them and be chairman (the "Chairman") of the arbitration and proceed to determine the matter as herein provided.

(d) If the Referring Party's Arbitrator and the Responding Party's Arbitrator shall be unable to agree on the appointment of the chairman, a judge of the Supreme Court of Ontario shall appoint a chairman (the "Chairman"), on the application of either party.

(e) If the Responding Party shall fail to appoint an arbitrator within fifteen (15) days after receiving notice of the appointment of the Referring Party's Arbitrator, then the Referring Party's Arbitrator shall act to appoint a second arbitrator who shall be chairman of the arbitration and the Referring Party's Arbitrator and the chairman so appointed (the "Chairman") shall proceed to determine the matter as provided herein.

(f) The Chairman shall fix a time and place in Toronto, Ontario for the purpose of hearing the evidence and presentations of the parties, and he shall preside over the arbitration and determine all questions of procedure not herein provided for. After hearing any evidence and representations that each party may submit, the arbitrators shall make an award and reduce the same to writing and deliver one copy thereof to each party. Each party agrees that the award of a majority of the arbitrators shall be final and binding upon each of them and there shall be no appeal therefrom. The cost of the arbitration shall be paid as specified in the award. A judgment may be entered upon the award made pursuant to such arbitration in a court of competent jurisdiction.

(g) Gogama Gold Inc., the Vendors and their successors in interest shall collectively be entitled to appoint one arbitrator, and the Purchaser and its successors in interest shall collectively be entitled to appoint one arbitrator.

Gogama Gold Inc.

Ungava Exploration Inc.

Item XIX Articles of Incorporation and Bylaws

UNGAVA MINERALS CORP.

BY-Law No. 1

A by-law relating generally to the transaction of the
business and affairs of the Corporation

Effective August 8, 2006

TABLE OF CONTENTS

	<u>Page</u>
SECTION ONE - INTERPRETATION	1
1.01 Definitions	1
1.02 General	2
SECTION TWO - BUSINESS OF THE CORPORATION	2
2.01 Registered Office	2
2.02 Corporate Seal	2
2.03 Finance Year	2
2.04 Execution of Instruments	2
2.05 Voting Rights in Other Bodies Corporate	3
2.06 Divisions	3
2.07 Information Available to Shareholders	3
SECTION THREE - BORROWING AND SECURITIES	4
3.01 Banking Arrangements	4
3.02 Borrowing Power	4
3.03 Delegation	4
SECTION FOUR - DIRECTORS	5
4.01 Number of Directors	5
4.02 Qualification	5
4.03 Election and Term	6
4.04 Removal of Directors	6
4.05 Vacation of Office	6
4.06 Vacancies	6
4.07 Action by the Board ..	6
4.08 Canadian Directors Present at Meetings	6
4.09 Meeting by Telephone and Other Means	6
4.10 Place of Meetings	6
4.11 Calling of Meetings	6
4.12 Notice of Meeting	6
4.13 First Meeting of New Board	7
4.14 Adjourned Meeting	7
4.15 Regular Meetings	7
4.16 Chairman	7
4.17 Quorum	8
4.18 Votes to Govern	8
4.19 Conflict of Interest	8
4.20 Remuneration and Expenses	8
SECTION FIVE - COMMITTEES	9
5.01 Committees of the Board	9
5.02 Transaction of Business	9
5.03 Advisory Bodies	9
5.04 Procedure	9
5.05 Members	9
5.06 Minutes	9

	<u>Page</u>
SECTION SIX - OFFICERS	9
6.01 Appointment	10
6.02 Chairman of the Board	10
6.03 Chief Executive Officer	10
6.04 President	10
5.05 Vice President	10
6.06 Secretary	10
6.07 Treasurer	10
6.08 Controller	11
6.09 Powers and Duties of Other Officers	11
6.10 Variation of Powers and Duties	11
6.11 Term of Office	11
6.12 Conflict of Interest	11
6.13 Agents and Attorneys	12
6.14 Fidelity Bonds	12
 SECTION SEVEN - PROTECTION OF DIRECTORS, OFFICERS AND OTHERS	 12
7.01 Limitation of Liability	12
7.02 Indemnity	12
7.03 Advance of Costs	13
7.04 Insurance	13
 SECTION EIGHT - SHARES	 13
8.01 Allotment of Shares	13
8.02 Commissions	13
8.03 Registration of Transfer	14
8.04 Transfer Agents and Registrars	14
8.05 Non-recognition of Trusts	14
8.06 Share Certificates	14
8.07 Replacement of Share Certificates	15
8.08 Joint Holders	15
8.09 Deceased Shareholders	15
 SECTION NINE - DIVIDENDS AND RIGHTS	 15
9.01 Dividends	15
9.02 Payment of Dividends	15
9.03 Non-receipt of Cheques	15
9.04 Record Date for Dividends and Rights	16
9.05 Unclaimed Dividends	16
 SECTION TEN - MEETINGS OF SHAREHOLDERS	 16
10.01 Annual Meetings	16
10.02 Special Meetings	16
10.03 Participation in Meetings by Electronic Means	16
10.04 Meetings Held by Electronic Means	16
10.05 Notice of Meetings	17
10.06 List of Shareholders Entitled to Notice	17
10.07 Record Date for Notice	17

	<u>Page</u>
10.08 Waiver of Notice	17
10.09 Omission of Notice	18
10.10 Chairman, Secretary and Scrutineers	18
10.11 Persons Entitled to be Present	18
10.12 Quorum	18
10.13 Right to Vote	19
10.14 Proxyholders and Representatives	19
10.15 Time for Deposit of Proxies	19
10.16 Joint Shareholders	20
10.17 Votes to Govern	20
10.18 Show of Hands	20
10.19 Ballots	20
10.20 Adjournment	21
10.21 Resolution in Writing	21
10.22 Only One Shareholder	21
SECTION ELEVEN - NOTICES	21
11.01 Method of Giving Notices	21
11.02 Notice to Joint Shareholders	22
11.03 Computation of Time	22
11.04 Undelivered Notices	22
11.05 Omissions and Errors	22
11.05 Persons Entitled by Death or Operation of Law	22
11.07 Waiver of Notice	22
11.08 Signature of Notices	23
11.09 Proof of Service	23
SECTION TWELVE- ELECTRONIC DOCUMENTS. _	23
12.01 Creation and Provision of information	23
12.02 Consent and Other Requirements	23
SECTION THIRTEEN -MISCELLANEOUS	24
13.01 Invalidity of any Provisions of this By-law	24
SECTION FOURTEEN - REPEAL AND COMING INTO FORCE	24
14.01 Effective Date	24
14.02 Repeal	24

UNGAVA MINERALS CORP.

BY-LAW No. 1

A by-law relating generally to the transaction of the business and affairs of the Corporation,

SECTION ONE - INTERPRETATION

1.01 Definitions.

In this by-law and all other by-laws of the Corporation, unless the context otherwise requires:

"Act" means the Canada Business Corporations Act and regulations thereunder, and any statute or regulation that may be substituted therefore, as from time to time amended and, in the case of such substitution, any references in the by-laws of the Corporation to provision of the Act or regulations thereunder shall be read as references to the substituted provisions in the new statute, statutes or regulations;

"appoint" includes "elect" and vice versa;

articles" means the board of directors of the Corporation;

"board" means the board of directors of the Corporation;

"by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;

"cheque" includes a draft;

"Corporation" means Ungava Minerals Corp.:

"meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders; "special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

"non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the Interpretation Act (Canada) as from time to time amended;

"recorded address" means, in the case of a shareholder, his address as recorded in the securities register of the Corporation and, in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, his latest address as recorded in the records of the Corporation;

"resident Canadian" means an individual who is:

- (a) a Canadian citizen ordinarily resident in Canada;
- (b) a Canadian citizen not ordinarily resident in Canada who is a member of a prescribed class of persons; or
- (c) a permanent resident, within the meaning of the Immigration Act and ordinarily resident in Canada, except a permanent resident who has been ordinarily resident in Canada for more than one year after the time at which he first became eligible to apply for Canadian citizenship;

"signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by or pursuant to section 204,

1.02 General.

Save as aforesaid, words and expressions defined the Act have the same meanings when used herein. Words importing the singular number include the plural and vice versa; words importing gender include the

masculine, feminine and neuter genders, and *words* importing a person include an individual, partnership, association, body corporate or personal representative.

SECTION TWO - BUSINESS OF THE CORPORATION

2.01 Registered Office,

The registered office of the Corporation shall be in Calgary, Alberta at such place and address as determined from time to time by the directors.

2.02 Corporate Seale

The Corporation may, but need not, adopt a corporate seal, and may change a corporate seal that is adopted. Any corporate seal adopted for the Corporation shall be such as the board of directors may by resolution from time to time approve.

2.03 Financial Year,

Until changed by the board, the financial year of the Corporation shall end on the last day of December in each year.

2.04 Execution of Instruments.

Contracts, documents or instruments in writing signed on behalf of the Corporation by any director, the chairman, the chief executive officer, the president, any executive vice president, senior vice president or vice president, the secretary, the treasurer, the controller or any assistant secretary or any other office created by by-law or by the board shall be binding upon the Corporation without any further authorization or formality. The board may from time to time appoint any director or directors, or nay officer or officers, or nay other person or persons, on behalf of the Corporation either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing,

The corporate seal of the Corporation, if any, may be affixed to contracts, documents and instruments in writing signed as aforesaid or by any director or directors, officer or officers, other person or persons, appointed as aforesaid by the board of directors but any such contract, document or instrument is not invalid merely because the corporate seal, if any, is not affixed thereto.

The term "contracts, documents or instruments in writing" as used in this by-law shall include security certificates, deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations and conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures or other securities and all paper writings,

The signature or signatures of any duly appointed directors or officers of the Corporation or of any other person or persons, appointed as aforesaid by the board of directors may be printed, engraved, lithographed or otherwise mechanically or electronically reproduced on nay contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation executed or issued by or on behalf of the Corporation and all contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation on which the signature or signatures of any one or more of the foregoing directors or officers or other persons authorized as aforesaid is so reproduced shall be deemed to have been manually signed and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that any such director, officer or other person whose signature is so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instrument in writing or bonds, debentures or other securities of the Corporation.

2.05 Voting Rights in Other Bodies Corporate.

The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments shall be in favour of such persons as may be determined by the officers executing or arranging for the same. In addition, the board may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.06 Division

The board may cause the business and operation of the Corporation or any part thereof to be divided into one or more divisions upon such basis, including without limitation, types of business or operations, geographical territories, product lines or goods or services as the board may from time to time consider appropriate. In particular, the board shall authorize any material subdivision, consolidation or reorganization of the business and operations of the Corporation or any part thereof.

2.07 Information Available to Shareholders.

Subject to the provisions of the Act, no shareholder shall be entitled to any information respecting any details or conduct of the Corporation's business which, in the opinion of the board, is privileged or confidential or would be inexpedient in the interest of the shareholders or the Corporation to communicate to the public. The board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right of inspecting any account, record or document of the Corporation except as conferred by the Act or authorized by the board or by resolution passed at a meeting of shareholders.

SECTION THREE - BORROWING AND SECURITIES

3.01 Banking Arrangements.

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefore, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under such agreements, instructions and delegations of powers as the board may from time to time prescribe,

3.02 Borrowing Power.

Without limiting the borrowing powers of the Corporation as set forth in the Act, but subject to the articles of the Corporation, the board may from time to time on behalf of the Corporation, without authorization of the shareholders:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantees of the Corporation, whether secured or unsecured;
- (c) to the extent permitted by the Act, give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation including book debts, rights, powers, franchises and undertakings, to secure any

such bonds, debentures, notes or other evidences of indebtedness or guarantee or any other present or nature indebtedness. liability or obligation of the Corporation.

Nothing in this section limits or restricts the borrowing of money by the Corporation or bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

3.03 Delegation.

The board may from time to time delegate to a committee of the board, a director or an officer of the Corporation or any other person as may be designated by the board all or any of the powers conferred on the board by section 3.01 or by the Act to such extent and in such manner as the board may determine at the time of such delegation.

SECTION FOUR -DIRECTORS

4.01 Number of Directors.

Until changed in accordance with the Act, the board shall consist of not fewer than the minimum number and not more than the maximum number of directors provided for in the articles.

4.02 Qualification.

No person shall be qualified for election as a director if he is less than 18 years of age; if he is of unsound mind and has been so found by a court in Canada or elsewhere; if he is not an individual; or if he has the status of a bankrupt. A director need not be a shareholder of the Corporation. Unless otherwise required by the Act, at least twenty-five percent of the directors shall be resident Canadians. However, subject to the Act, if the Corporation at any time has less than four directors, at least one director shall be a resident Canadian. The board may declare vacant the office of any director who is incapacitated or unqualified.

4.03 Election and Term.

The election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the director or the shareholders otherwise determine. Where the shareholders adopt an amendment to the articles to increase the number or minimum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorized by the amendment. The election of directors shall be by ordinary resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

4.04 Removal of Directors.

Subject to the Act, the shareholders may by resolution passed at a meeting specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the board.

4.05 Vacation of Office.

A director ceases to hold office when he dies; he is removed from office by the shareholders; he ceases to be qualified *for* election as a director; or his written resignation is sent or delivered to the Corporation, or, if a time is specified in such resignation, at the time so specified, whichever is later. A resignation need not be accepted in order to be effective.

4.06 Vacancies,

Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure of the shareholders to elect the number or minimum number of directors provided for in the articles.

4.07 Action by the Board,

The board shall manage, or supervise the Management of, the business and affairs of the Corporation. The powers of the board may be exercised at a meeting (subject to sections 4.08 and 4.09) at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.

4.08 Canadian Directors Present at Meetings.

Unless otherwise required by the Act, the board shall not transact business at a meeting, other than filling a vacancy in the board, unless at least twenty-five percent of the directors present are resident Canadians or, if the Corporation has fewer than four directors, at least one of the directors is a resident Canadian, except where:

- (a) a resident Canadian director who is unable to be present approves in writing or by telephonic, electronic or other communications facilities the business transacted at the meeting; and
- (b) the required number of resident Canadians would have been present had that director been present at the meeting.

4.09 Meeting by Telephone and Other Means.

Subject to the Act, if all the directors of the Corporation consent, a director may participate in a meeting of the board or of a committee of the board by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate adequately with each other, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board.

4.10 Place of Meetings.

Meetings of the board may be held at any place in or outside Canada.

4.11 Calling of Meetings.

Meetings of the board shall be held from time to time at such time and at such place as the board, the chairman of the board, the chief executive officer, the president or any two directors may determine.

4.12 Notice of Meeting.

Notice of the time and place of each meeting of the board shall be given in the manner provided in section Eleven to each director no less than 48 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including, if required by the Act, any proposal to:

- (a) submit to the shareholders any question or matter requiring approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;

- (c) issue securities;
- (d) declare dividends;
- (e) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (f) pay a commission for the sale of shares;
- (g) approve a Management proxy circular;
- (h) approve a take-over bid circular or directors' circular;
- (i) approve any annual financial statements; or
- (j) adopt, amend or repeat by-laws.

A director may (whether before or after a meeting) and in any manner waive notice of, or otherwise consent to, a meeting of the board.

4.13 First Meeting of New Board.

Provided a quorum of directors is present, each newly elected board may, without notice, hold its first meeting immediately following the meeting of shareholders at which such board is elected.

4.14 Adjourned Meeting.

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

4.15 Regular Meetings.

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

4.16 Chairman.

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, chief executive officer or president. If no such officer is present, the directors present shall choose one of their number to be chairman.

4.17 Quorum,

Subject to section 4.08, the quorum for the transaction of business at any meeting of the board shall consist of three directors or such greater number of directors as the board may from time to time determine.

4.13 Votes to Govern.

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes, the chairman of the meeting shall be entitled to a second or casting vote,

4.19 Conflict of Interest.

A director or officer of the Corporation who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation, or is a director or an officer, or an individual acting in a similar capacity of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Corporation shall disclose the nature and extent of such interest at the time and in the manner provided in the Act. Except as provided in the Act, no such director to the Corporation shall vote on any resolution to approve such contract or transaction but each director may be counted to determine the presence of a quorum at the meeting of directors where such vote is being taken,

No director shall be disqualified by his office from contracting with the Corporation nor shall any contract or arrangement entered into by or on behalf of the Corporation with any director or in which any director is in any way interested be liable to be voided, nor shall any director so contracting or being so interested be liable to account to the Corporation for any profit realized by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established; provided that the director shall have complied with the provisions of the Act.

4.20 Remuneration and Expenses.

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for traveling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefore.

SECTION FIVE - COMMITTEES

5.01 Committees of the Board.

The board may appoint such committees of the board, however designated, and delegate to any such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of the board has no authority to exercise.

5.02 Transaction of Business.

The powers of a committee of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of committees may be held at any place in or outside Canada.

5.03 Advisory Bodies.

The board may from time to time appoint such advisory bodies as it may deem advisable.

5.04 Procedure.

Unless otherwise determined by the board, each committee and advisory body shall have power to fix its quorum, at not less than a majority of its members, to elect its chairman and to regulate its procedure.

5.05 Members.

The board may, from time to time, remove and appoint members of any committee as it sees fit.

5.06 Minutes.

Any committee shall keep regular minutes of its proceedings and shall report a s actions to the board at the meeting of the *board* next succeeding such action.

SECTION SIX - OFFICERS

6.01 Appointment.

The board may from time to time appoint a chairman, a chief executive officer and a president (each of whom shall be a director), one or more vice presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer, a controller and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to section 6.02 and 6.03, an officer may, but need not be, except as required by this section, a director and one person may hold more than one office.

6.02 Chairman of the Board.

The chairman shall preside at all meetings of the board and shareholders. The chairman shall have such other powers and duties as the board may specify-.

6.03 Chief Executive Officer.

The chief executive officer shall be the executive head of the Corporation and shall have general supervision over its business and affairs and over the other officers of the corporation, and shall be responsible to the board. During the absence or disability of the chairman, the chief executive officer shall preside at all meetings of the board and shareholders.

6.04 President.

The president shall, subject to the authority of the board, have general supervision of the business of the Corporation and shall have such powers and duties as the board may specify from time to time. During the absence or inability of the chief executive officer, his duties may be performed and his powers may be exercised by the president. If the president exercises any such duty or power, the absence or inability of the chief executive officer shall be presumed with reference thereto. During the absence or disability of the chairman and the chief executive officer, the president shall preside at all meetings of the board and shareholders.

6.05 Vice President.

A vice president shall have such powers and duties as the board or the president may specify. During the absence or inability of the president, his duties may be performed and his powers may be exercised by a vice president save that no vice president shall preside at a meeting of the board or at a meeting of the shareholders who is not qualified to attend the meeting as a director or shareholder, as the case may be. If a vice president exercises any such duty or power, the absence or inability of the president shall be presumed with reference thereto.

6.06 Secretary.

The secretary shall attend and be the secretary of all meetings of the board and shareholders and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat, he shall give or

cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board, the chief executive officer or the president may specify.

6.07 Treasurer.

The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the board. The treasurer shall disburse the funds of the Corporation as may be ordered by the board, taking proper vouchers for such disbursements, and shall render to the chief executive officer, the president and the board, at its regular meetings, or when the board so requires, an account of all substantial transactions related to the financial condition of the Corporation. If required by the board, he shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the board for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

6.08 Controller.

The controller shall be the principal accounting officer of the Corporation and shall have charge of all books and accounting relating to assets, liabilities, receipts, disbursements, revenues and expenditures and be responsible for all internal and external reporting requirements of the Corporation. In general, the controller shall be responsible for all duties incident to the office of the principal accounting officer of the Corporation and have such other powers and duties as the board, the chief executive officer or the president may specify.

6.09 Powers and Duties of Other Officers,

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer or the president may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board, the chief executive officer or the president otherwise directs.

6.10 Variation of Powers and Duties.

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

6.11 Term of Office.

The board, in its discretion, may remove any officer of the Corporation, without prejudice to such officer's rights under any employment contract or in law. Otherwise, each officer appointed by the board shall hold office until his successor is appointed, or until his earlier resignation or death,

6.12 Conflict of Interest.

An officer shall disclose his interest in any material contract or proposed material contract with the Corporation in accordance with section 4.19.

6.1 3 Agents and Attorneys.

The Corporation, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to sub-delegate) of Management, administration or otherwise as may be thought fit,

6,14 Fidelity Bonds.

The board may require such officers, employees and agents of the Corporation, as the board deems advisable, to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the board may from time to time determine.

SECTION SEVEN - PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.01 Limitation of Liability,

Every director and officer of the Corporation in exercising his powers and discharging his duties shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, including reliance in good faith on:

- (a) financial statements of the Corporation represented to the director by an officer of the Corporation or in a written report of the auditor of the Corporation fairly to reflect the financial condition of the Corporation; or
- (b) a report of a person whose profession lends credibility to a statement made by the professional person.

Subject to the foregoing, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgement or oversight on his part, or for any other loss, damage or misfortune which shall happen in the execution of the duties of his office or trust or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof

7.02 Indemnity.

Subject to the provisions of the Act, the Corporation shall indemnify a director or officer, a former director or officer, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by the individual in respect of any civil, criminal, administrative or investigative action or other proceeding in which the individual is involved because of that association with the Corporation or other entity if, exercising the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances: (a) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request, and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful. The Corporation shall also indemnify any such person in such other circumstances as the Act or law permits or requires. Nothing in this by-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law to the extent permitted by the Act or law.

Advance of Costs.

The Corporation may advance moneys to any director, officer or other individual for the costs, charges and expenses of a proceeding referred to in section 7.02. The individual, however, shall repay the moneys to the Corporation if the individual does not fulfil the conditions set out in subsection 7.02 (a) and, as applicable, subsection 7.02 (b).

7.04 Insurance

Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any person referred to in section 7.02 against any liability incurred by him in his capacity as a director or officer of the Corporation or of another body corporate where he acts or acted in that capacity at the Corporation's request.

SECTION EIGHT - SHARES

8.01 Allotment of Shares.

Subject to the Act and the articles, the board may from time to time issue or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

8.02 Commissions.

The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

8.03 Registration of Transfer.

Subject to the Act, no transfer of a share shall be registered in the Corporation's securities register except upon presentation of the certificate representing such share with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective, upon payment of all applicable taxes and any reasonable fees prescribed by the board.

8.04 Transfer Agents and Registrars,

The board may from time to time appoint one or more agents to maintain, in respect of each class of shares of the Corporation issued by it, a central securities register and one or more branch securities registers. Such a person may be designated as transfer agent or registrar according to his functions and one person may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

8.05 Non-recognition of Trusts.

Subject to the Act, and any other applicable legislation or regulation, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payments in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

8.06 Share Certificates.

Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written certificate of acknowledgement of his right to obtain a share certificated, stating the number and class or series of shares held by him as shown on the securities register. Such certificates shall be in such form as the board may from time to time approve. Any such certificate shall be signed in accordance with section 2.04 and need not be under the corporate seal; provided, that, unless the board otherwise determines, certificates in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar.

The signature of one of the signing officers or, in the case of a certificate which is not valid unless countersigned by or on behalf of a transfer agent and/or registrar, and in the case of a certificate which does not require a manual signature under the Act, the signatures of both signing officers, may be printed mechanically reproduced in facsimile thereon. Every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

8.07 Replacement of Share Certificates

The board of any officer or agent designated by the board may, in its or his discretion, direct the issue of a new share or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case,

8.08 Joint Holders.

If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

8.09 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

SECTION NINE - DIVIDENDS AND RIGHTS

9.01 Dividends.

Subject to the Act, the board may, from time to time, declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

9.02 Payment of Dividends.

A dividend payable in money shall be paid by cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, or by electronic funds transfer to the bank account designated by a registered holder of shares of the class or series in respect of which it has been declared. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all

such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, or the electronic funds transfer as aforesaid shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold,

9.03 Non-receipt of Cheques.

in the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue, or cause to be issued, to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board or dividend disbursing agent may from time to time prescribe, whether generally or in any particular case.

9.04 Record Date for Dividends and Rights.

The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than seven days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

9.05 Unclaimed Dividends.

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation,

SECTION TEN - MEETINGS OF SHAREHOLDERS

10.01 Annual Meetings.

The annual meeting of shareholders shall be held at such time in each year and at such place in Canada as the board may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

10.02 Special Meetings.

The board shall have power to call a special meeting of shareholders at any time. Any such special meeting of shareholders shall be held at such time and at such place in Canada as the board may determine.

10.03 Participation in Meetings by Electronic Means.

Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act and regulations thereunder, if any, by means of a telephone, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation, in its sole discretion, makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting,

10.04 Meetings Held by Electronic Means

If the directors or the shareholders of the Corporation call a meeting of shareholders pursuant to the Act, the directors may determine that the meeting shall be held, in accordance with the Act and regulations

thereunder, if any, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

10.05 Notice of Meetings.

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in section Eleven not less than 21 nor more than 50 days before the date of the meeting to each director, to the auditor, and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more share carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgement thereon and shall state the text of any special resolution to be submitted to the meeting.

10.06 List of Shareholders Entitled to Notice.

Subject to applicable legislation or regulation, for meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting, if a record date for the meeting is fixed pursuant to section 10.07, the shareholders listed shall be those registered at the close of business on such record date, if no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given or, where not such notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared. Where a separate list of shareholders has not been prepared, the names of persons appearing in the securities register at the requisite time as the holder of one or more shares carrying the right to vote at such meeting shall be deemed to be a list of shareholders.

10.07 Record Date for Notice.

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 50 days and not less than 21 days, as a record date for the determination of the shareholders entitled to notice of the meeting, and notice of any such record date shall be given not less than seven days before such record date, by newspaper advertisement in the manner provided in the Act, and by written notice to each stock exchange in Canada on which the shares of the Corporation are listed for trading. If no record date is so fixed, the record date for determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

10.08 Waiver of Notice.

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.09 Omission of Notice.

The accidental omission to give notice of any meeting or any irregularity in the notice of any meeting or the non-receipt of any notice by any shareholder or shareholders, director or directors or the auditor of the Corporation shall not invalidate any resolution or any proceedings taken at any meeting of shareholders.

10.10 Chairman, Secretary and Scrutineers,

The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chairman of the board, chief executive officer, president or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman, if the secretary of the Corporation is absent, the chairman. shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

10.11 Persons Entitled to be Present,

The only person entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

10.12 Quorum.

Subject to the Act, a quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a proxyholder or representative for a shareholder so entitled, and together holding or representing by proxy not less than twenty-five percent (25%) of the outstanding shares of the Corporation entitled to vote at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business. if a quorum is not present at the opening of the adjourned shareholders meeting, the shareholders and proxyholders present shall be deemed to constitute a quorum and duly authorized and entitled to transact shareholders business.

10.13 Right to Vote.

Subject to applicable legislation or regulation, every person named in the list referred to in section 10.06 shall be entitled to vote the shares shown thereon opposite his name at the meeting to which such list relates, except to the extent that (a) where the Corporation has fixed a record date in respect of such meeting, such person has transferred any of his shares after such record date, or where the Corporation has not fixed a record date in respect of such meeting, such person has transferred any of his shares after the date on which such list is prepared, and (b) the transferee, having produced properly endorsed certificates evidencing such shares or having otherwise established that he owns such shares, has demanded not later than 10 days before the meeting that his name be included in such list, In any such excepted case the transferee shall be entitled to vote the transferred shares at such meeting.

10.14 Proxyholders and Representatives.

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, to attend and act as his representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his attorney and shall conform with the requirements of the Act.

Alternatively, every such shareholder which is a body corporate or association may authorize by resolution of its directors or governing body an individual to represent it at a meeting of shareholders and such individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of such resolution, or in such other manner as may be satisfactory to the secretary of the

Corporation or the chairman of the meeting. A proxy is valid only at the meeting in respect of which it is given or any adjournment thereof

If the shareholder of record be deceased, his personal representative, upon filing with the secretary of the meeting sufficient proof of his appointment, shall be entitled to exercise the same voting rights at any meeting of shareholders as the shareholder of record would have been entitled to exercise if he were living.

Any such proxy holder or representative need not be a shareholder.

10.15 Time for Deposit of Proxies.

The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been specified in such notice, it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

The board may from time to time make regulations regarding the lodging of proxies at some place or places other than the place at which a meeting or adjourned meeting of shareholders is to be held and for particulars of such proxies to be provided before the meeting or adjourned meeting to the Corporation or any agent of the Corporation for the purpose of receiving such particulars and providing that proxies so lodged may be voted upon as though the proxies themselves were produced at the meeting or adjourned meeting and votes given in accordance with such regulations shall be valid and shall be counted. The chairman of any meeting of shareholders may, subject to any regulations made as aforesaid, in the chairman's discretion accept any legible form of communication notwithstanding that no proxy conferring such authority has been lodged with the Corporation, and any votes given in accordance with such communication accepted by the chairman of the meeting shall be valid and shall be counted,

10.16 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or duly represented at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

10.17 Votes to Govern.

At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall be entitled to a second or casting vote.

10.18 Show of Hands.

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands, or by such other indication of a vote made by means of the telephonic, electronic or other communication facility, if any, that the Corporation has made available for the purpose, unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

10.19 Ballots.

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairman may require a ballot or any person who is present and entitled to vote on such question at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct including, wholly or partially by indication of a vote by means of telephonic, electronic or other communication facility, if any, that the Corporation has made available for the purpose, unless a ballot thereon is required or demanded as hereinafter provided. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

10.20 Adjournment,

The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place, if a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

Any business may be brought before or dealt with at any adjourned meeting for which no notice is required which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

10.21 Resolution in Writing.

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditor in accordance with the Act.

10.22 Only One Shareholder.

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented constitutes a meeting.

SECTION ELEVEN - NOTICES

11.01 Method of Giving Notices.

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act or the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid ordinary or air mail or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication or if an electronic document is provided in accordance with section Twelve of this by-law. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch; and a notice so sent by means of an electronic document shall be deemed to have been given upon receipt of reasonable confirmation of transmission to the designated information system indicated by the person entitled to receive such notice, The secretary may change or cause to be changed the recorded address of

any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable.

11.02 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

11.03 Computation of Time.

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included,

11.04 Undelivered Notices.

If any notice given to a shareholder pursuant to section 11.01 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

11.05 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board of the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice of otherwise founded thereon.

11.06 Persons Entitled by Death or Operation of Law.

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of this entitlement prescribed by the Act.

11.07 Waiver of Notice.

Any shareholder, proxyholder, other person entitled to attend a meeting of shareholders, director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or a committee of the board which may be given in any manner.

11.08 Signature to Notices.

The signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, mechanically reproduced, electronically reproduced or printed or partly written, stamped, mechanically reproduced, electronically reproduced or printed.

11.09 Proof of Service.

With respect to every notice or other document sent by post it shall be sufficient to prove that the envelope or wrapper containing the notice or other document was properly addressed as provided in this by-law and

put into a post office or into a letter box. With respect to every notice or other document sent as electronic document it shall be sufficient to prove that the electronic document was properly addressed to the designated information system as provided in this by-law and sent by electronic means. A certificate of an officer of the Corporation or of a transfer officer of any transfer agent or branch transfer agent or shares of any class of the Corporation as to facts in relation to the sending or delivery of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation as the case may be.

SECTION TWELVE ® ELECTRONIC DOCUMENTS

12.01 Creation and Provision of Information.

Unless the Corporation's articles otherwise provide, and subject to and in accordance with the provisions of the Act and the regulations thereunder and this section, the Corporation may satisfy any requirement under the Act and the regulations thereunder to create or provide a notice, document or other information to any person by the creation or provision of an electronic document. Except as provided for in the Act, "electronic document" means any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means and that can be read or perceived by a person by any means.

12.02 Consent and father Requirements.

Notwithstanding the foregoing section 12.01, a requirement under the Act or the regulations thereunder to provide a person with a notice, document or other information shall not be satisfied by the provision of an electronic document unless:

- (a) the addressee has consented, in accordance with the Act and the regulations thereunder, and has designated an information system for the receipt of the electronic document; and
- (b) the electronic document is provided to the designated information system, unless the Regulations provide otherwise.

The term "information system" means a system used to generate, send, receive, store or otherwise process an electronic document.

SECTION THIRTEEN - MISCELLANEOUS

13.01 Invalidity of any Provisions of this By-law.

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

SECTION FOURTEEN – REPEAL AND COMING INTO FORCE

14.01 Effective Date.

Subject to its confirmation by the shareholders in accordance with the Act, this by-law shall come into Force on the date approved by the directors.

14.02 Repeal

All previous by-laws of the Corporation are repealed as of the coming into force of this by-law provided that such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under the validity of any contract or agreement made pursuant to any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed by the directors under the provisions of this by-law or the Act until their successors are appointed.

Adopted by the Board of Directors on August 8, 2006.

Ratified by the Shareholders on September 14, 2006.

Secretary

BY-LAW NO. 2

A by-law respecting the execution at cheques and other financial instruments by:

UNGAVA MINERALS CORP.

(herein called the "Corporation")

BE IT ENACTED as a by-law of the Corporation as follows:

THAT the President and Treasurer, signing together, be and are hereby authorized on behalf of the Corporation from time to time to sign cheques and other financial instruments for the account or benefit of the Corporation,

Item XX Issuer's Certifications

Certification by President

I, Glen Erikson, President of Nearctic Nickel Mines Inc, certify that:

1. I have reviewed this **Initial Company Information and Disclosure Statement** of Nearctic Nickel Mines Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: August 22, 2008

/s/ Glen Erikson

President
Nearctic Nickel Mines Inc.

Certification by Chief Financial Officer

I, Alan Rootenberg, Chief Financial Officer of Nearctic Nickel Mines Inc, certify that:

1. I have reviewed this **Initial Company Information and Disclosure Statement** of Nearctic Nickel Mines Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: August 22, 2008

/s/ Alan Rootenberg

Chief Financial Officer
Nearctic Nickel Mines Inc.

