

**PROXY SOLICITATION CIRCULAR**



**AUGUST 20, 2009**





## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual meeting (the “**Meeting**”) of the shareholders of Sigma Industries Inc. (“**Sigma**”) will be held at the Hotel Québec, Room Miro, 3115, Avenue des Hôtels, Québec City, Québec G1W 3Z6, on September 23, 2009 at 2:00 p.m. (Québec time), for the following purposes:

1. To receive the financial statements of Sigma for the year ended April 25, 2009, together with the auditors report thereon;
2. To elect five directors;
3. To appoint the auditors of Sigma and authorize the directors to fix their remuneration;
4. To approve the Stock Option Plan; and
5. To transact such further and other business as may properly come before the meeting or any adjournment thereof.

**DATED** on August 20, 2009, at Québec City, Québec.

### **BY ORDER OF THE BOARD OF DIRECTORS**

*(s) Denis Bertrand*

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President and Chief Executive Officer

### IMPORTANT

Shareholders registered at the close of business on August 17, 2009 are entitled to receive this notice of meeting and to vote at the meeting. **Shareholders who are unable to attend the Meeting in person are urged to complete and sign the enclosed form of proxy and return it in the postage-paid envelope provided for that purpose.** To be valid, proxies must be received at the office of CIBC Mellon Trust Company, 2001 University St., Suite 1600, Montréal, Québec H3A 2A6 no later than September 21, 2009 at 5:00 p.m. (Québec time).

## **PART I INFORMATION CONCERNING THE MEETING**

### **DATE, TIME AND PLACE OF MEETING**

This circular (the “**Circular**”) is provided in connection with the solicitation of proxies by and on behalf of the management of Sigma Industries Inc. (“**Sigma**”) for use at the annual meeting of shareholders (the “**Meeting**”) to be held at the Hotel Québec, Room Miro, 3115, Avenue des Hôtels, Québec City, Québec, G1W 3Z6 on September 23, 2009 at 2:00 p.m. (Québec time) or every adjournment thereof for the purposes set forth in the attached notice of meeting. Unless otherwise indicated, the information contained herein is dated as of August 17, 2009 and all dollar amounts set forth herein are expressed in Canadian dollars.

### **SOLICITATION OF PROXIES**

The solicitation of proxies will be primarily by mail, but proxies may also be solicited personally or by telephone, by teletype, by the Internet, by advertisement or by officers or regular employees of Sigma at nominal cost. The cost of proxy solicitation by management will be borne by Sigma.

### **QUORUM FOR THE TRANSACTION OF BUSINESS**

Two persons attending the Meeting and representing personally or by proxy one or more shareholders holding at least 5% of the votes attached to issued and outstanding shares of Sigma will form a quorum. If a quorum is not achieved at the opening of the Meeting, the shareholders of Sigma present or represented by proxy may adjourn the Meeting for less than 30 days and reconvene it to another fixed time and place, but may not transact any other business.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are senior officers of Sigma. **A Sigma shareholder may choose to have him/herself represented at the Meeting by someone other than those named in the proxy form and who must not be a Sigma shareholder.** A Sigma shareholder desiring to appoint some other person as his or her proxy holder may do so by either inserting such person’s name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to either the Secretary of Sigma at 2590, Laurier Blvd., Suite 380, 3<sup>rd</sup> Floor, Belle Cour Tower, Québec, Québec, G1V 4M6, or to CIBC Mellon Trust Company at 2001 University Street, Suite 1600, Montréal, Québec, H3A 2A6, before the close of business on September 21, 2009 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays), preceding the day of the adjourned Meeting.

A Sigma shareholder who has given a proxy may revoke it as to any matter on which a vote has not already been cast under the authority conferred by such proxy and may do so: (a) by completing and signing a proxy bearing a later date and depositing it as described above; (b) by depositing a document that revokes the proxy signed by himself or herself or by his or her attorney authorized in writing (i) at the registered office of Sigma at any time up to and including the last business day preceding the day of the Meeting, or an adjournment thereof, at which the proxy is to be used, or (ii) with the Chairman of the Meeting on the day of the Meeting, or an adjournment thereof; or (c) in any other manner permitted by law.

## EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the instructions of the shareholder appointing them. In the absence of such instructions, the shares will be voted FOR the election of the proposed directors, FOR the appointment of auditors and the authorization of the directors to fix their remuneration, and FOR the approval of the Stock Option Plan, all as described in this Circular.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the accompanying notice of meeting (the “Notice of Meeting”) and to other matters that may properly come before the Meeting. At the date of this Circular, the management of Sigma is not aware of any such amendments, variations or other matters expected to come before the Meeting other than the matters referred to in the Notice of Meeting. If any matters that are not now known properly come before the Meeting, the persons named in the enclosed form of proxy will vote on such matters in accordance with their best judgment.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of this Circular, 42,899,095 common shares of Sigma (the “Common Shares”) were outstanding. All Sigma shareholders registered at the close of business on August 17, 2009 (the “Record Date”) will be entitled, at the Meeting, to one vote for each Common Share held.

To the knowledge of the directors and officers of Sigma, as of the date of this Circular, no person beneficially owns or exercises control, directly or indirectly, over shares carrying more than 10% of the outstanding Common Shares, except:

Name of shareholder	Number of Common Shares	Percentage of Common Shares
Denis Bertrand	5,542,301	12.9%
Bruno Doyon	5,587,301 <sup>(1)</sup>	13%

(1) Mr. Doyon is the main beneficiary of “Fiducie T2Green”, which holds 948,436 common shares of the Corporation. Said shares are included in the number of shares hereabove stated.

## NOTICE TO BENEFICIAL HOLDERS OF SHARES

The information set forth in this section should be reviewed carefully by non-registered shareholders of Sigma. Sigma shareholders who do not hold their shares in their own name (the “Beneficial Shareholders”) should note that only proxies deposited by Sigma shareholders whose names appear on the records maintained by Sigma’s registrar and transfer agent as holders of record will be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a Sigma shareholder by a broker, those shares will, in all likelihood, *not* be registered in the Sigma shareholder’s name. Such shares will more likely be registered under the name of the Sigma shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository of Securities Limited, which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such shares are registered under the name of CEDE & Co. (the registration name for The Depository Trust Company, which acts as nominee for many U.S. brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted according to the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the

broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of Sigma shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided directly to the registered shareholders by Sigma. However, its purpose is limited to instructing the registered shareholder (*i.e.*, the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. In Canada, the vast majority of brokers now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ("ADPIC"). ADPIC typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks them to return the forms to ADPIC, or otherwise communicate voting instructions to ADPIC (by way of the Internet or telephone, for example). ADPIC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder who receives an ADPIC voting instruction form cannot use that form to vote shares directly at the Meeting. The voting instruction forms must be returned to ADPIC (or instructions respecting the voting of shares must otherwise be communicated to ADPIC) well in advance of the Meeting in order to have the shares voted. If you have any questions respecting the voting of shares held through a broker or other intermediary, please contact your broker or other intermediary of assistance.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting shares registered in the name of his or her broker (or his or her broker's agent), a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the shares as proxyholder for the registered shareholder by entering his or her own name in the blank space on the proxy form provided to him or her by his or her broker (or his or her broker's agent) and return it to that broker (or that broker's agent) in accordance with the broker's instructions (or the agent's instructions).

**All references to Sigma Shareholders in this Circular, the enclosed form of proxy and the Notice of Meeting are to the registered Sigma shareholders unless specifically stated otherwise.**

## **PART II PARTICULARS OF MATTERS TO BE ACTED UPON**

### **PRESENTATION OF FINANCIAL STATEMENTS**

Sigma's consolidated financial statements for the year ended April 25, 2009 and the report of the auditors thereon will be presented at the Meeting but no vote is required with respect thereto.

### **ELECTION OF DIRECTORS**

The Articles of Sigma provide that Sigma's Board of Directors (the "**Board**") shall consist of a minimum of three and a maximum of ten directors. The Board currently consists of five directors.

**The management representatives named in the enclosed form of proxy intend to vote FOR the election of the five nominees whose names are set forth below on any ballot that may be called for, unless authority to do so is withheld.** Sigma's management does not contemplate that any of the nominees will be unable to serve as a director. Each director elected will hold office until the next annual

meeting or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the By-Laws of Sigma.

The following table and notes thereto set out the name of each person proposed to be nominated for election as a director of Sigma; all of the major positions and offices held in Sigma by such person; the principal occupation or employment of such person; the year in which such person became a director of Sigma; and, to the best of the knowledge of Sigma's management, the approximate number of Sigma Common Shares beneficially owned, directly or indirectly, or subject to control or direction by that person at the date of this Circular.

<b>Name and principal position at Sigma</b>	<b>Principal position</b>	<b>Director since</b>	<b>Number of Common Shares held</b>
Denis BERTRAND <sup>(2)(3)</sup> Québec / Canada  President and Chief Executive Officer	President and Chief Executive Officer of Sigma since October 2005.	October 7, 2005	5,564,524 <sup>(4)</sup>
Gérald DÉSORDY <sup>(1)</sup> Québec / Canada  Director	President and promoter of the real estate project Parc sur Rivière-Bromont, société en commandite since 2007.	December 14, 2005	40,000
Bruno DOYON <sup>(1)</sup> Québec / Canada  Sales Vice-President and Secretary	Sales Vice-President of Sigma since October 2005.	Octobre 7, 2005	5,587,301 <sup>(5)</sup>
Claude DUPUIS <sup>(2)(3)</sup> Québec / Canada  Director	General Manager of the Sectorial committee of manpower in the industrial metal production (CSMOFMI) since august 2003.	December 14, 2005	195,500
Neeman MALEK <sup>(1)(2)(3)</sup> Québec / Canada  Director	Vice-President and General Manager of Soforth Ltd., Société Industrielle Unique Ltée and Vice-President of Federal Weather Strips Inc. since 2001.	December 14, 2005	70,000

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Corporate Governance and Candidacy Committee.

(4) This number includes 22,223 shares controlled by Mr. Bertrand and held by his spouse.

(5) This number includes 948,436 shares held by "Fiducie T2Green", the main beneficiary of that trust being Mr. Doyon.

To the knowledge of Sigma's management, none of the proposed directors is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any issuer, which while that person was acting in that capacity:

- (i) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director

of executive officer, in the company being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days;

- (iii) or that within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. In addition, none of the proposed directors has, within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

### **Directors' Compensation**

On March 21, 2007, the Board of Directors adopted the following Compensation Policy for directors who are not officers, being a basic allowance of \$5,500 for the chair of the Audit Committee, an amount of \$4,500 for each chair of the other board committees and, an amount of \$4,000 for each director who does not chair a board committee. The outside directors also receive a director's fee of \$1,000 for each board meeting or committee meeting that they attend.

However, the Compensation Policy has been suspended according to the economic situation and its impact on Sigma and, since September 23, 2008, the directors did not receive any compensation.

The table set below shows the compensation granted to the Directors during Sigma's last period:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
Denis Bertrand	Nil	Nil	Nil	Nil	Nil	Nil	Nil <sup>(1)</sup>
Gérald Désourdy	8,500	Nil	Nil	Nil	Nil	Nil	8,500
Bruno Doyon	Nil	Nil	Nil	Nil	Nil	Nil	Nil <sup>(1)</sup>
Claude Dupuis	6,500	Nil	Nil	Nil	Nil	Nil	6,500
Judith Kavanagh	1,000	Nil	Nil	Nil	Nil	Nil	1,000 <sup>(2)</sup>
Neeman Malek	8,000	Nil	Nil	Nil	Nil	Nil	8,000

(1) Sigma's Officers do not receive any additional compensation related to their directors' duties.

(2) Mrs. Kavanagh ceased to be a Sigma director on September 23, 2008.

All reasonable and supported travelling fees incurred to attend Board and Board committee meetings are reimbursed by Sigma.

## **APPOINTMENT OF AUDITORS**

Sigma management proposes that PricewaterhouseCoopers, LLP /s.r.l. /s.e.n.c.r.l. (“**PricewaterhouseCoopers**”), chartered accountants, be appointed as auditors of Sigma for the fiscal year ending April 24, 2010.

**Unless the shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to be withheld from voting on the appointment of auditors, on any ballot that may be called for in the appointment of auditors, the management representatives named in the enclosed form of proxy intend to vote FOR the appointment of PricewaterhouseCoopers as the auditors of Sigma to hold office until the next meeting of shareholders and FOR the authorization of the directors to fix the auditors’ remuneration.** If necessary, they will hold office until the next meeting of shareholders. PricewaterhouseCoopers have been the auditors of Sigma since the period ending April 30, 2006.

## **APPROVAL OF STOCK OPTION PLAN**

The Stock Option Plan (the “**Plan**”) aims at the following group of persons: officers, directors, employees and consultants. All the options granted under the terms of the Plan may be exercised within a maximum of a five-year period starting on the date of the grant. The Board of Directors designates the optionees and determines the number of common shares involved in each of these options, date of purchase, exercise price, expiry date, vesting requirements and the restrictions to the exercise of said options. The stock acquisition price must not be less than the discounted market price on the day prior to the date of grant of these options. The options granted shall be held for at least four month from the date of grant when the exercise price is determined on the basis of the discounted market price.

The maximum number of common shares that can be issued under the Plan was established at 10% of the issued and outstanding shares of capital stock. It is a variable Stock Option Plan. For any 12-month period, the maximum number of stock options that may be granted to a Sigma officer, director or employee may not exceed 5% of all outstanding common shares. In the case of employees who provide investor relations activities, consultant as well as investor relation services providers; a maximum of 2% of the issued and outstanding shares of capital stock may be issued individually.

In accordance with the TSX Venture Exchange Policy 4.4, the Plan is subject to approval by shareholders at each annual meeting, whether or not amended in the meantime. As of this date, a maximum of 4,289,910 common shares could be issued under the Plan. Of this number, 1,355,000 stock options have been granted to directors, officers and employees of Sigma, each option allowing the holder to subscribe to one common share of the capital stock of Sigma.

Therefore, the management of Sigma asks the shareholders to adopt the following resolution:

### **BE IT RESOLVED:**

**TO APPROVE** the Plan of Sigma which allows the grant of a maximum number of 4,289,910 stock options.

**Unless the shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to vote against or to be withheld from voting on the approval of the Plan, on any ballot that may be called for the approval of the Plan, the management representatives named in the enclosed form of proxy intend to vote FOR the approval of the Plan.**

## EXECUTIVE COMPENSATION

### Compensation analysis

The executive compensation is determined by the Compensation Committee. This committee has the responsibility of planning out the employees and executive compensation policy and to make recommendations to the board. It approves the adjustments made to the compensation of each officer, except for the chief executive officer which is under the direct responsibility of the board of directors. It approves all important amendments of any plan related to indirect benefits and provides the executive compensation report which must appear in the continuous disclosure documents.

In order to be able to recruit, keep and motivate the executive officers of Sigma, the Compensation Committee's members analysed in 2008 comparable compensation of officers in public company's in the industry and the results have shown that the compensation paid correspond to those paid elsewhere and as a consequence, no substantial change or increase were granted.

The executive compensation is mainly constituted of a basic salary, an annual productivity bonus and a transportation allowance. All the executive members also have access to the Stock Option Plan.

### Formation of the Compensation Committee

The Compensation Committee is made up of three members of which two of them are independent members, being Messrs. Claude Dupuis and Neeman Malek.

### Statement of Executive Compensation

Under applicable regulation, Sigma must disclose to its shareholders the compensation details paid to certain Sigma or its subsidiaries' named executive officers.

It is understood that a "named executive officer" includes the chief executive officer, the chief financial officer, without regards to the amounts of their compensation, and the three most highly compensated of Sigma's executive officers, except the chief executive officer and the chief financial officer in function as such on April 25, 2009, and whose total compensation and bonus is greater than \$150,000.

The following table provides a summary of all compensation awarded or paid to Messrs. Denis Bertrand, Bertrand Côté and Jean-François Doré (the "**Named Executive Officers**"), or earned by them for Sigma's last fiscal year ended on April 25, 2009:

### Summary Compensation Table

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Denis Bertrand President and Chief Executive Officer	2009	225,000	Nil	Nil	Nil	Nil	Nil	6,756 <sup>(1)</sup>	231,756
Bertrand Côté Chief Financial Officer	2009	180,000	Nil	Nil	Nil	Nil	Nil	8,265 <sup>(1)</sup>	188,265

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Jean-François Doré Vice-President Operations, Supply Chain Logistics and Integration	2009	165,000	Nil	Nil	Nil	Nil	Nil	16,897 <sup>(1)</sup>	171,897

(1) Taxable benefits.

The Compensation Committee has the general responsibility to manage the Stock Option Plan of Sigma and, consequently, it determines the criteria concerning stock option grant, the exercise modalities, the term, the exercise price, etc. Sigma's Stock Option Plan is in force since October 7, 2005 and is approved annually by its shareholders. The modalities of Sigma's Stock Option Plan are described above in the section captioned "**Approval of Stock Option Plan**".

### **Outstanding share-based awards and option-based awards**

The following table shows for each Sigma's Named Executive Officer all awards outstanding at the end of the last fiscal year ended April 25, 2009.

Option-based Awards					Share-based Awards	
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Denis Bertrand President and Chief Executive Officer	250,000 30,000	0.40 0.92	October 6, 2010 October 2, 2011	Nil	-	-
Bertrand Côté Chief Financial Officer	100,000 200,000	0.40 0.92	October 6, 2010 October 2, 2011	Nil	-	-
Jean-François Doré Vice-president, Operations, Supply Chain Logistics and Integration	50,000 10,000	0.40 0.80	October 6, 2010 November 30, 2011	Nil	-	-

As the closing price of the Sigma's shares was under the exercise price of outstanding stock options at the end of the fiscal year on April 25, 2009 (that is to say \$0.025), no outstanding stock option is valued.

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

The following table shows that the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date or the aggregate dollar value realized upon vesting of share-based awards:

Name	Option-based awards - Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Denis Bertrand President and Chief Executive Officer	Nil	-	-
Bertrand Côté Chief Financial Officer	Nil	-	-
Jean-François Doré Vice-president, Operations, Supply Chain Logistics and Integration	Nil	-	-

(1) There was no award of stock options during the last fiscal year ending April 25, 2009.

**Termination and change of control benefits**

Sigma has signed, in October 2005, with the President and Chief Executive Officer and with the Chief Financial Officer, employment agreements for an unspecified duration which may be terminated by Sigma without cause upon prior notice of eighteen (18) months or payment of a severance payment equal to eighteen (18) months of salary for Mr. Bertrand, and a prior notice of twelve (12) months or payment of a severance payment equal to twelve (12) months of salary for Mr. Côté. Each agreement provides a basic salary, incentive pay (pay for performance) payable when specific annual performance results are reached, as well as a share purchase option. In some circumstances and within a specific delay, Mr. Bertrand and Mr. Côté may avail themselves of the payment of a severance payment equal to twelve (12) months of salary in case of a change of control of the Corporation or the sale of its assets.

**Aggregated Option/SAR Exercises during the Most Recently Completed Fiscal Year and Option/SAR Values at Fiscal Year End**

No options were exercised by the Named Executive Officers during the year ended April 25, 2009.

**Shares Authorized for Issuance under the Incentive Stock Option Plan**

The sole stock compensation plan of Sigma for which the issue of shares is authorized is its Stock Option Plan (the “Plan”). The principal terms and conditions of the Plan have been disclosed hereabove. The table below summarizes the information relating to Common Shares reserved for issuance under the Plan as at April 25, 2009.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average price of outstanding options, warrants and rights (\$) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders: – Incentive stock option plan	1,355,000	\$0.53	2,794,910

## **DESCRIPTION OF THE PLAN**

See above section “**APPROVAL OF STOCK OPTION PLAN**”.

## **DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE**

Sigma provides directors’ and officers’ liability insurance with a policy limit of \$8,000,000 in the aggregate, subject to a deductible amount of \$25,000, to indemnify Sigma’s directors and officers. The premium paid by Sigma for the period from October 31, 2008 to October 31, 2009 in respect of the full coverage amounts to \$34,526.00. No part of the premium was paid by any director or officer. Under this insurance coverage, Sigma is reimbursed for payments made under the corporate indemnity provisions on behalf of its directors and officers and individual directors and officers are reimbursed for losses arising in the performance of their duties for which they are not indemnified by Sigma. Illegal acts and those acts which result in personal profit are excluded from this coverage.

## **AUDIT COMMITTEE**

### **Audit Committee rules**

The text of the Sigma Audit Committee Charter is attached under Schedule A of this Circular.

### **Composition of the Audit Committee**

The Sigma Audit Committee is made up of three directors, *i.e.* Messrs. Gérald Désourdy, Bruno Doyon and Neeman Malek. Messrs. Gérald Désourdy and Neeman Malek are independent directors. Mr. Bruno Doyon is not an independant director since he is Sales Vice-President and Secretary of Sigma. All of these directors are financially literate directors within the meaning of Regulation 52-110 respecting Audit Committees (“**Regulation 52-110**”).

### **Background and relevant experience**

#### *Gérald Désourdy*

Since 2007, Gérald Désourdy is President and Promoter of the real estate project Parc sur Rivière-Bromont, société en commandite. Mr. Désourdy is also President of Névé Inc. since September 1996. From 2003 to 2009, he has been President and Chief Executive Officer of HLT Energies Inc. Mr. Désourdy has obtained a Bachelor’s degree in Commerce from University of Ottawa in 1969.

#### *Bruno Doyon*

Bruno Doyon has a Bachelor Degree in Pedagogy and Education from the University of Montreal. From 1992 to 2004, Mr Doyon has been Manager and Executive Vice-president of P.N.S. Cast Iron Ltd. This enterprise has increased its turnover from 0.6 million dollars, in 1992, to 8.4 million dollars, in 2004, with a net profit of 1 million dollars that is to say 11.9%. He has acted as head manager through the following tasks:

- Supervision the strategic planning as well as market and clientele development programs;
- Identification of stategic partnerships allowing to maximize market penetration throughout Canada;
- Leadership to allow maintenance of very high quality standards;

- Undertaking that the entire financial results are satisfactory to expectations and that proposed investments are subjected to financial examination;
- Total responsibility of bids and profitability;
- Monthly analysis of financial data in order to maintain the enterprise's profitability;
- Day to day management of the enterprise's operations.

In addition, Mr. Doyon has been a member of the board of directors of PNS-Tech Inc. since 2004, and, since November 2006, he has been a member of the board of directors of AMETVS (Special Vehicle and Transportation Equipement Association).

#### *Neeman Malek*

Neeman Malek has a Bachelor degree in Industrial Engineering from the Université du Québec à Trois-Rivières and a certificate in Enterprise Management Accelerate Program from HEC Montreal (Montreal's École des Hautes Études Commerciales). Since 1991, Mr. Malek has been Vice-President and Executive Director of the following corporations: Société Industrielle Unique Ltée, Federal Weather Strips Inc. and Soforth Ltée. These corporations generated a turnover of 25 million dollars and are located in North America and Europe.

He assumed the following responsibilities and tasks:

- Strategic planning of the enterprise's development, market and clientele development programs and strategies;
- Daily activities of the enterprise;
- Undertaking that the entire financial results are satisfactory to expectations and that proposed investments are subjected to financial examination;
- Financial aspects of the enterprise; as negotiation of credit facilities, budgets, quarterly financial statements and financial information, as well as decisions related to investments.

#### **Audit Committee Oversight**

N/A

#### **Reliance on certain exemptions**

Sigma avails itself of the exemption of the application of Part 3 (Composition of the Audit Committee) and of Part 5 (Reporting obligation) since it is a venture issuer, pursuant to section 6.1 of Regulation 52-110.

#### **Policies and procedures for prior approval**

Sigma's Audit Committee has not yet adopted any particular policies and procedures to date for the awarding of contracts relating to non-audit services.

### **Fees for the external auditor's services**

The table below lists by category the fees invoiced by external auditors of the firm PricewaterhouseCoopers for the fiscal years ended April 26, 2008 and April 25, 2009.

<b>Type of fees</b>	<b>2008</b>	<b>2008</b>
Audit fees	\$204,220	\$140,522
Fees for audit-related services	\$30,321	\$16,666
Fees for tax services	\$132,267	\$97,800
Other fees	\$15,530	\$0
<b>Total</b>	<b>\$382,338</b>	<b>\$254,988</b>

“**Audit fees**” comprise the total fees paid to PricewaterhouseCoopers for auditing the annual consolidated financial statements and other audits involving legal filings.

“**Fees for audit-related services**” comprise the total fees paid to PricewaterhouseCoopers for audit-related services, particularly consulting fees related to accounting and financial reporting standards:

- Services related to the preparation of the Financial Statements of the interim periods ended on July 28, 2007, October 27, 2007, January 26, 2008; July 26, 2008, October 25, 2008 and January 24, 2009; and
- Audit of a subsidiary’s expenses eligible for a government project;
- Services related to the comments of the AMF concerning the Financial Statements of the fiscal year ended April 30, 2007.

“**Fees for tax services**” comprise the total fees paid to PricewaterhouseCoopers for compliance with tax regulations, tax advice and consulting and tax planning services for preparing tax returns for Sigma’s income tax, capital tax and sales taxes.

“**Other fees**” comprise the total fees paid to PricewaterhouseCoopers for all services other than those listed under audit fees, fees for audit-related services and tax services, and mainly concern sales tax services and claim insurance of indemnity.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Sigma’s management is unaware of any director, senior executive or other insider of Sigma, or of an associate or affiliate of such persons, that had a material interest in any transaction within the three last completed financial years.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors or executive officers of Sigma are indebted to Sigma.

**PART III  
MISCELLANEOUS**

Sigma's management knows of no other matter to come before the Meeting other than the matters referred to in the Notice of the Meeting. If any matters that are not now known properly come before the Meeting, the accompanying proxy instrument will be voted on such matters in accordance with the best judgment of the person voting it.

**PROPOSALS FOR THE 2010 SHAREHOLDERS' MEETING**

For the next annual meeting of shareholders, Sigma's shareholders must submit any proposal that they wish to raise at that meeting by July 23, 2010

**ADDITIONAL INFORMATION**

Additional information concerning Sigma, including Sigma's consolidated interim and annual financial statements and related management's discussion and analysis is available on the System for Electronic Document Analysis and Retrieval (SEDAR), which may be accessed at [www.sedar.com](http://www.sedar.com). When available, copies of such information may also be obtained upon request to the Secretary of Sigma at 2590, Laurier Blvd., suite 380, Place de la Cité, Tour Belle Cour, 3<sup>rd</sup> Floor, Québec, Québec G1V 4M6.

**The directors of Sigma have approved the contents and sending of this Circular.**

**DATED** on August 20, 2009 at Québec City, Québec.

*(s) Denis Bertrand*

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President and Chief Executive Officer

## SCHEDULE A

### **AUDIT COMMITTEE'S CHARTER**

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#### **Preamble**

The audit committee ("**Committee**") is a permanent committee of the Board of Directors of the Corporation ("**Board**"). Its principal function is to assist the Board in discharging its duties of monitoring the Corporation, by examining and insuring the integrity of the financial information, examining the internal control systems, the financial control and auditing processes. In the performance of its functions, the Committee shall maintain constructive and active relations with the Board, senior management of the Corporation, the internal auditors and the external auditors. The assistance provided by the Committee also concludes the presentation process of the financial information, the internal audit function, the annual independent audit of the financial statements of the Corporation, the choice of auditors and the other functions indicated in this charter. This charter also notably provides for the mandate, duties and powers of the Committee in compliance with *Regulation 52-110 concerning the audit committee* adopted by the Canadian Security Administrators.

At the date that this charter was approved, the shares of the Corporation are posted for trade at the TSX Venture Exchange and the rules for a venture issuer are used by the Committee.

#### **1. Composition of the Committee**

- 1.1 The Committee is composed by a majority of independent directors. All members of the Committee must be financially literate and at least one member must have related financial or accounting experience.
- 1.2 After each annual meeting of the shareholders, the Board must elect three or more directors who will form the Committee until the close of the next annual general meeting of the shareholders of the Corporation or until such a time as the member ceases to be a director, resigns or is replaced, whichever comes first. These members must respect the requirement of being independent and being financially literate as provided in applicable securities regulations. Any member may be relieved of their duties or replaced at any time by the Board.
- 1.3 The Board shall designate one of the members of the Committee as the chair of the Committee. If the chair of the Committee is absent from a meeting, the members of the Committee who are present shall chose amongst themselves a person who will chair the meeting.

#### **2. Meetings of the Committee**

- 2.1 Ordinary meetings of the Committee are held quarterly. Special meetings of the Committee may be called by the chair of the Committee, the external auditors, the chair of the Board of the Corporation, the Vice-President Finance or at least two members of the Committee.
- 2.2 The powers of the Committee are exercised at any meetings where quorum has been

attained. The quorum is composed of at least a majority of the members of the Committee. Questions are decided by the Committee by a majority of votes.

- 2.3 Notices calling each meeting of the Committee shall be remitted to each member, the external auditors, the chair of the Board of the Corporation, the President and the Vice-President Finance of the Corporation, all of whom have a right to attend said meeting. The notice calling each meeting must be also be remitted, as the case may be, to the internal auditor who must also attend the meeting whenever the chair of the Committee, or its secretary, request such attendance.
- 2.4 The notice calling the meeting may be given verbally or in writing, by fax, by telephone or by electronic communication no later than 24 hours before the time set for such meeting. The members may renounce to the notice calling the meeting. There is no requirement that the notice contain the object or objects for which the meeting is being held.
- 2.5 The external auditors and, as the case may be, the internal auditors and the Corporation's senior management, must periodically be granted the opportunity to meet separately with the Committee. In addition, the Committee may meet in camera, with only the members of the Committee present, when the Committee determine that it is appropriate.
- 2.6 The Committee must appoint a secretary who shall act as secretary of all meetings of the Committee and prepare minutes of each of the meetings and deliberation of the Committee.

### **3. Responsibilities of the Audit Committee, the Auditors and Senior Management**

- 3.1 The principal role of the Committee is to monitor the process related to the presentation of the Corporation's financial information in the name of the Board and to report on its activities to the Board. Senior management of the Corporation is responsible for the preparation, the presentation and the integrity of the Corporation's financial statements, and the efficiency of the internal monitoring measures concerning financial information. Senior management and the internal audit service are responsible for maintaining in place the principles and policies related to adequate financial and accounting reporting as well as the internal controls and procedures that comply with accounting standards and applicable laws and regulations. The auditors are responsible for planning and the performance of the audit of the annual financial statements of the Corporation in conformity with generally recognised audit standards, and the performance of the instructions of the Board in regards to quarterly financial statements of the Corporation and the annual audit of the evaluation made by senior management on the efficiency of the internal monitoring measures related to the financial information and other audit procedures. The Committee shall establish, with senior management and with the auditors, that the auditors must answer to the Board and to the Committee as representatives of the shareholders of the Corporation. The Committee must also recommend the appointment of auditors to the Board and thereafter obtain the final approval of the shareholders. Once approved by the Committee, the auditors audit engagement letter shall be signed by the chair of the Committee in the name of the Corporation.

#### **4. Functions and Powers of the Committee**

- 4.1 The Committee is notably responsible for monitoring the financial information, the risk management and internal controls, and the internal auditors and the external auditors.
- 4.2 With regards to the monitoring of the financial information, the functions and duties of the Committee consists notably of:
  - 4.2.1 Verifying the quality and integrity of the accounting processes and of the process related to the presentation of the financial information, the control and communication procedures of the information and the internal control systems of the Corporation by way of discussions with senior management and the external auditors;
  - 4.2.2 Examining the following documents and recommending their approval by the Board prior to their communication to the public: any information document containing financial information, consolidated or not, audited or not, of the Corporation including: the interim and annual financial statements, the prospectuses, annual notices, the comments, reports and analysis of the senior management, press releases and forward looking results, etc;
  - 4.2.3 Examining changes brought to the conventions and practices adopted by the Corporation and discussing with, senior management and external auditors, the accounting and presentation rules and those rules proposed by regulatory organisations;
  - 4.2.4 Ensuring that there are no unresolved problems between senior management and the external auditors of the Corporation or other difficulties encountered by the external auditors that could have an impact on the financial statements;
  - 4.2.5 Reviewing the procedures in place to examine financial information extracted or derived from the financial statements, other than the information provided above, and to evaluate periodically the adequate character of such procedures;
  - 4.2.6 Reviewing with senior management and the external auditors:
    - 4.2.6.1 the presentation of the financial information of the Corporation according to generally recognized accounting principles; the proposed modification of accounting principles and conventions by the Corporation;
    - 4.2.6.2 the reasonable character of provisions, reserves and estimations that may have an important impact on the presentation of the financial information; and
    - 4.2.6.3 important decisions made in relation to the presentation of the financial statements; and
  - 4.2.7 Examining the impact that new regulatory and accounting measures, including off balance sheet structures, may have on the financial statements of the Corporation.
- 4.3 In regards to the monitoring of the risks management and internal controls, the functions and duties of the Committee consist notably of:

- 4.3.1 Obtaining from senior management a whole view of the risks, the principles, the procedures and the control measures related to the integrity and the presentation of the financial information;
  - 4.3.2 Examining with senior management:
    - 4.3.2.1 the risk management policy and the modifications that should be brought to such policy; the evaluation of important risks to which the Corporation is exposed; and
    - 4.3.2.2 the programs and processes used to manage and control the risk; the degree and tolerance the Corporation has to risk;
  - 4.3.3 Requesting that the senior management establish and maintain reliable internal control systems and examining the procedures put in place to evaluate the efficiency of such systems;
  - 4.3.4 Examining the processes related to attestations which must be included with all public information documents of the Corporation and discussing same with the President and Chief Executive Officer and the Vice-President, Finance, of the Corporation;
  - 4.3.5 Establishing procedures as described in the *Policy and Procedures to follow for the Submission of Complaints concerning Accounting, Internal Accounting Controls and the Audit* concerning the reception, the conservation and follow-up of complaints received regarding accounting, internal accounting controls, the audit and preoccupations transmitted by employees of the Corporation related to questionable practices in accounting or auditing;
  - 4.3.6 Ensuring that the confidential and anonymous nature of the communications is maintained;
  - 4.3.7 Examining the insurance protection of the Corporation in order to ensure its sufficiency;
  - 4.3.8 Examining and discussing with senior management, the internal auditors and the external auditors, the efficiency of policies and procedures that ensure the compliance with laws and regulations and with the Corporation's financial undertakings;
  - 4.3.9 Reviewing the list of important litigation of the Corporation including the measures taken by senior management in regards thereto; and
  - 4.3.10 Reviewing the tax planning having an important financial impact on the Corporation.
- 4.4 If applicable, with regards to the monitoring of internal auditors, the functions and duties of the Committee consist notably of :
- 4.4.1 Reviewing and approving annually, the charter for the internal audit;
  - 4.4.2 Ensuring that the internal auditor reports to the Committee;

- 4.4.3 Reviewing and approving the annual internal audit plan;
  - 4.4.4 Reviewing and analysing the reports, observations and important recommendations of the internal audit;
  - 4.4.5 Reviewing the actions of senior management following the recommendations of the internal auditors;
  - 4.4.6 Reviewing the independence of the internal auditors;
  - 4.4.7 Reviewing with the manager of the internal audit the difficulties encountered during said audit concerning the extent of its mandate and the access to information; and
  - 4.4.8 Reviewing all changes in regards to the extent of the internal auditors' draft audit.
- 4.5 In regards to the monitoring of the external auditors, the functions and duties of the Committee consist notably of :
- 4.5.1 Ensuring that the external auditors report directly to the Committee;
  - 4.5.2 Recommending to the Board the appointment or dismissal of external auditors and their remuneration;
  - 4.5.3 Examining and approving the engagement policies in relation to partners, employees and former partners and employees of the current and former external auditors;
  - 4.5.4 Holding exclusive authority in regards to the prior approval of all services related to the audit that the external auditors plan on supplying;
  - 4.5.5 Reviewing with the external auditors the external audit plan including the qualifications, independence and objectivity of the external auditors, including the written statements qualifying the relationship between the external auditors and the Corporation that could have an impact on the independence and objectivity of the external auditors and to recommend measures that should be taken by the Board to ensure the independence of the external auditors;
  - 4.5.6 Being directly responsible for the monitoring of the work of the external auditors engaged to established or deliver an audit report or render other audit examination or attestation services including the resolution of any disputes between senior management and the external auditors regarding the financial information;
  - 4.5.7 Discussing with the external auditors on the quality and not only the acceptability of the accounting principles, notably:
    - 4.5.7.1 the important accounting practices and conventions used;
    - 4.5.7.2 the treatment of other financial information that was the object of discussions with senior management, the extent of their use and the privileged treatment of such by the external auditors; and

- 4.5.7.3 other important written communications between senior management and the external auditors;
- 4.5.8 Examining, once a year, the report prepared by the external auditors describing:
  - 4.5.8.1 its internal quality control procedures;
  - 4.5.8.2 all important question raised in relation to the internal quality controls (or controlled by third parties) of the external auditors' firm or of any requests for information or inquiries made by a governmental or professional authority for the past five years in relation to one or several independent audit assignments completed by the external auditors' firm and in regards to all measures taken to solve questions of this nature;
- 4.5.9 Reviewing the actions of senior management in regards to recommendations of external auditors; and
- 4.5.10 Ensuring that there is a rotation of the partner responsible for the audit assignment, the reference partner and other audit partners within the processes prescribed by the code of ethics of the order of chartered accountant of Quebec.

## **5. Powers of the Committee**

- 5.1 The Committee has the power to hire external advisors, including legal advisors, if they determine that it is necessary for the exercise of its functions. The Committee has the power to establish the remuneration of the consultant it hires. The Corporation must supply the funds necessary for the remuneration of all advisors retained by the Committee.
- 5.2 The Committee has the power to communicate directly to the external and internal auditors.

## **6. Evaluation of the Committee's Performances**

- 6.1 Each year, the Committee evaluates and examines its performance in cooperation with the corporate governance and candidacy committee.
- 6.2 The Committee reports on its mandate once a year to the Board.

## **7. Charter**

- 7.1 Each year, the Committee must review this charter and propose changes to this charter to the Board, for the Board's approval.
- 7.2 This charter came into force on August 22, 2007.

## SCHEDULE B

### CORPORATE GOVERNANCE PRACTICES

Sigma believes that effective corporate governance practices are fundamental to the overall success of a corporation and, on September 17, 2007, the Board of Directors approved a Corporate Governance Manual which treated, among others, the following subjects:

- General governance rules and board's mandate;
- Mandates, organizations and work plans of the Board's committees;
- Committees' responsibility;
- Sigma's Business Conduct and Ethics Code;
- Insiders Trading Policy; and
- Disclosure Policy.

Effective June 30, 2005, the Canadian Securities Administrators have adopted *National Instrument 58-101 Disclosure of Corporate Governance Practices* ("NI 58-101") and the associated *National Policy 58-201 Corporate Governance Guidelines* ("NI 58-201"), which require Sigma to disclose its corporate governance practices.

### BOARD OF DIRECTORS

#### Independent Directors

The Board is currently made up of five members of which three are independent and two are not independent within the meaning of the definition of *Regulation 52-110 respecting Audit Committees* ("Regulation 52-110"). The independent directors are not employees or executives of Sigma and are not subject to any influence by Sigma or its management. As is the case with the independent directors, the non-independent directors are sensitive to conflicts of interest and excuse themselves from deliberations and voting in the appropriate circumstances. Their extensive knowledge of Sigma's business is extremely beneficial to Sigma and the other directors and their participation as directors is an important element of the overall effectiveness of the Board. It is Sigma's policy to keep the size of the Board relatively small in order to maintain its efficiency and effectiveness.

The Sigma directors have examined the definition of "independence" of Regulation 52-110 and have individually considered their respective interests and relationships in and with Sigma. The Board has concluded that three out of Sigma's five proposed directors are independent directors.

The independent directors can hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, the Board will in appropriate circumstances meet separately from non-independent directors and the independent directors will have open and candid discussions among themselves. Accordingly, the Board believes that its relationship with management and its supervision of the management of the business of Sigma are appropriate.

The three proposed independent directors are:

- Gérald Désourdy;
- Claude Dupuis; and
- Neeman Malek.

The proposed non-independent directors are:

- Denis Bertrand, who is Sigma’s President and Chief Executive Officer; and
- Bruno Doyon, who is Sigma’s Sales Vice-President and employee of the enterprise or its affiliates since 1992.

### **Director Mandates**

As of this date, the sole director currently serving as board director of reporting issuers (or their equivalent) is:

- Denis Bertrand: director of World Outfitters Corporation Safari Nordik (TSX-V: SAF).

### **BOARD MANDATE**

The Board acts according to the law and is normally asked to look into important issues which Sigma faces. The issues submitted to the Board come essentially from suggestions from the management.

In compliance with its functions, the Board must always keep in mind, that if it is in charge to increase the value of the shareholders’ placements, it has to, above all, protect the value of the business against any important depreciation.

The Board assumes its responsibilities directly or through its committees. It keeps full control on the functions it does not expressly assign to its committees or the management.

### **ORIENTATION AND CONTINUING EDUCATION**

Although, Sigma has not implemented any formal orientation and continuing education program to date. However, since Sigma’s directors have been in position for more than three years, they have an in-depth knowledge of Sigma’s business and affairs. The Corporate Governance and Candidacy Committee has still as function to identify new board candidates and to make them benefite from an education and orientation program.

### **CODE OF BUSINESS CONDUCT AND ETHICS**

The Board has adopted a formal written Business Conduct and Ethics Code promoting integrity and business ethics of Sigma in the course of its activities, notably:

- External relationship with shareholders, suppliers of goods and services, customers, competitors, the general public, media and investors;
- Respect of the laws, such as environmental laws, human rights and integrity law, non-compete laws and securities laws concerning insiders reports and other;
- Integrity of the accounting registers and conformity to general accounting principles;

- Confidential information;
- Conflict of interest;
- Commitment to the community and contributionsto political party or other public causes; and
- Sigma's Intellectual Property.

In order to encourage and promote a culture of ethical business conduct, the Business Conduct and Ethics Code as well as the insiders trading and disclosure policies are made available to each new director, executive and employee of Sigma.

### **NOMINATION OF DIRECTORS**

To date, the Sigma management has identified candidates and then introduced them to the Board before appointing them as directors or nominating them at Sigma's annual meeting of shareholders.

On September 17, 2007, the Board of directors has created in its by-laws of corporate governance the Corporate Governance and Candidacy Committee which will from now on identify, evaluate and present the new candidates.

### **COMPENSATION**

The Sigma's directors compensation is approved by the Board of directors and is disclosed in the enclosed proxy circular.

### **OTHER BOARD COMMITTEES**

The only other permanent Board committee is the Compensation Committee.

### **BOARD ASSESSMENTS**

The Corporate Governance and Candidacy Committee has the function to evaluate the part of different Board Committees and will review periodically the efficiency of Committees' Presidents and will recommend any changes to the Board as the case may be. The Committee will also evaluate the size, the composition as well as the Board's conduct. In addition, it will evaluate every Directors' contribution as well as Sigma's officers.