

WATERFRONT CAPITAL CORPORATION

2489 Bellevue Avenue
West Vancouver, British Columbia
V7V 1E1

INFORMATION CIRCULAR

(as at May 29, 2014 except as otherwise indicated)

SOLICITATION OF PROXIES

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the Management of Waterfront Capital Corporation (the “**Company**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general and special meeting of the shareholders of the Company to be held on Thursday, July 3, 2014 (the “**Meeting**”), at the time and place set out in the accompanying notice of Meeting (the “**Notice of Meeting**”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

APPOINTMENT AND REVOCATION OF PROXY

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.** The completed Proxy should be delivered to Computershare Investor Services Inc. (“**Computershare**”) by 10:00 a.m. (local time in Vancouver, British Columbia) on Monday, June 30, 2014, or before 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it to Computershare, or by transmitting a revocation by telephonic or electronic means, to Computershare, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment of it; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

Provisions Relating to Voting of Proxies

The shares represented by Proxy in the form provided to shareholders will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting,

or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company (the “Management”) knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name. Shareholders who hold their common shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their common shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of common shares will be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those common shares will, in all likelihood, not be registered in the shareholder’s name. Such common shares will more likely be registered under the name of the 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 CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such common shares are registered under the name of Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction 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.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder 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 common shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. 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. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form (“**VIF**”), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge 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 a Broadridge VIF cannot use that form to vote common shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

The Notice of Meeting, Circular, Proxy and VIF, as applicable, are being provided to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own

(“**NOBOs**”). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

Pursuant to the provisions of NI 54-101, the Company is providing the Notice of Meeting, Circular and Proxy or VIF, as applicable, to both registered owners of the securities and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding common shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF. As a result, if you are a non-registered owner of the securities, you can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided or by facsimile. In addition, telephone voting and internet voting instructions can be found on the VIF. Computershare will tabulate the results of the VIFs received from the Company’s NOBOs and will provide appropriate instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

The Company’s OBOs can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above. The Company does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO’s intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not receive the documentation.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Company or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. If such a request is received, the Company or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Company or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 10:00 a.m. (Vancouver time) on the day which is at least three business days prior to the Meeting. **A Beneficial Shareholder who wishes to attend the Meeting and to vote their common shares as proxyholder for the registered shareholder, should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

All references to shareholders in the Notice of Meeting, Circular and the accompanying Proxy are to registered shareholders of the Company as set forth on the list of registered shareholders of the Company as maintained by the registrar and transfer agent of the Company, Computershare, unless specifically stated otherwise.

Financial Statements

The audited financial statements of the Company for the year ended December 31, 2013, together with the auditor's report on those statements and Management Discussion and Analysis, will be presented to the shareholders at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of the accompanying Notice of Meeting, the Company's authorized capital consists of an unlimited number of common shares of which 11,004,066 common shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote.

Shareholders registered as at May 29, 2014, are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, the following person beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding common shares of the Company:

Shareholder	Number of Shares	Percentage of Issued Capital
Douglas L. Mason	1,678,056	15.25%

ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. The Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the Management will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director. The number of directors of the Company was set at five at the Company's last annual general meeting. Shareholders will be asked at the Meeting to pass an ordinary resolution to set the number of directors for the ensuing year at six.

Pursuant to the Advance Notice Policy adopted by the board of directors of the Company on April 18, 2013 and discussed in further detail below, any additional director nominations for the Meeting must have been received by the Company in compliance with the Advance Notice Policy no later than the close of business on June 3, 2014. As no such nominations were received by the Company prior to such date, management's nominees for election as directors set forth below shall be the only nominees eligible to stand for election at the Meeting.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular.

Name, province or state and country of residence and position, if any, held in the Company	Principal occupation during the past five years	Served as director of the Company since	Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾
<p>Douglas L. Mason British Columbia, Canada</p> <p><i>Chief Executive Officer, Chairman of the Board and Director</i></p>	<p>Chief Executive Officer, Chairman and Director of White Tiger Mining Corp., Black Panther Mining Corp., Columbia Yukon Explorations Inc.; International Bethlehem Mining Corp., Rainy Mountain Royalty Corp. and Magnum Goldcorp Inc. and President, Director and sole shareholder of Criterion Capital Corp. (a private investment and financial consulting company); and formerly President, Chief Executive Officer and a Director of Clearly Canadian Beverage Corporation from 1986 to March 2006.</p>	<p>February 10, 2006</p>	<p>1,678,056⁽³⁾</p>
<p>Allan Richard Peterson British Columbia, Canada</p> <p><i>President and Director</i></p>	<p>President; Businessmen with extensive experience and involvement over 25 years in many areas of the Canadian capital markets. Formerly Chairman's Club Investment Advisor with Midland Walwyn Capital Inc., National Retail Sales Director with Yorkton Securities, Institutional Salesman with Midland Walwyn Capital Inc. (European division); and Investment Banker with Merrill Lynch Canada and CIBC Capital Markets.</p>	<p>September 27, 2013</p>	<p>300,000</p>
<p>Sead Hamzagic British Columbia, Canada</p> <p><i>Chief Financial Officer, Secretary and Director</i></p>	<p>Certified General Accountant; Chief Financial Officer and Director of White Tiger Mining Corp., Black Panther Mining Corp., Columbia Yukon Explorations Inc., International Bethlehem Mining Corp., Rainy Mountain Royalty Corp. and Magnum Goldcorp Inc.</p>	<p>February 7, 2008</p>	<p>Nil</p>

Name, province or state and country of residence and position, if any, held in the Company	Principal occupation during the past five years	Served as director of the Company since	Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾
Bruce E. Morley⁽²⁾ British Columbia, Canada <i>Director</i>	Lawyer; Bruce E. Morley Law Corp. since 1994 (formerly partner/lawyer with Vancouver, B.C. law firm from 1981 to 1994); Director of Magnum Goldcorp Inc., Columbia Yukon Explorations Inc., Black Panther Mining Corp., Rainy Mountain Royalty Corp., International Bethlehem Mining Corp. and White Tiger Mining Corp. and formerly Director, Chief Legal Officer with Clearly Canadian Beverage Corporation from 1994 to March 2006.	March 31, 2000	66,257 ⁽⁴⁾
Valerie Samson⁽²⁾ British Columbia, Canada <i>Director</i>	Corporate Consultant; and formerly Vice President of Administration and Corporate Affairs for Black Panther Mining Corp. and Clearly Canadian Beverage Corporation.	March 23, 2010	Nil
Andrzej Kowalski⁽²⁾ British Columbia, Canada <i>Director</i>	Lawyer; Business Consultant involved in financing, operating and selling technology companies in the private and public sector. Director of International Bethlehem Mining Corp., Black Panther Mining Corp., Columbia Yukon Explorations Inc., White Tiger Mining Corp. and Rainy Mountain Royalty Corp.	June 1, 2012	Nil

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) A member of the audit committee.
- (3) Douglas L. Mason holds 208,642 common shares directly and 1,469,414 common shares indirectly through Criterion Capital Corp., a private company controlled by Douglas L. Mason.
- (4) Bruce E. Morley holds 50,000 common shares directly and 16,257 indirectly through Bruce E. Morley Law Corporation, a private company controlled by Bruce E. Morley.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, no director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

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

Bruce Morley, a director of the Corporation, was a director of CPG Debenture Corp. (“CPG”). CPG became a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario (the “Jurisdictions”) by obtaining receipts for its final prospectus on April 17, 2003. CPG, together with Churchill Institutional Real Estate Limited Partnership (“CIRE LP”), completed an offering of Series A Debentures of CPG and limited partnership units of CIRE LP. On March 11, 2004, all of the Series A Debentures of CPG were redeemed, and therefore CPG determined to make application to obtain non-reporting issuer status in each of the Jurisdictions. Prior to such applications being filed, cease trade orders were issued against CPG by the Executive Director of the British Columbia Securities Commission on July 8, 2004 and by the Director of Ontario Securities Commission on June 28, 2004 for the failure by CPG to file its interim financial statements for the financial period ended March 31, 2004. CPG was granted non-reporting status in British Columbia on July 23, 2004 and in the other Jurisdictions on December 15, 2004. CPG was dissolved as of December 17, 2007.

Settlement Agreement

On October 30, 2000, the British Columbia Securities Commission (the “Commission”) issued a Notice of Hearing with respect to regulatory proceedings against Douglas Mason, a director of the Corporation. The Notice of Hearing alleged that Mr. Mason failed to comply with certain insider reporting and control person reporting requirements with respect to certain trades in shares of certain publicly traded companies, and that Mr. Mason engaged or participated in improper trading of shares of certain companies. On August 25, 2004, Mr. Mason entered into a settlement agreement (the “Settlement”) with the Commission. The Settlement provided that Mr. Mason, subject to certain exceptions, cease trading, directly or indirectly, in securities for a period of 12 months (from August 25, 2004 and expiring August 24, 2005). All such restrictions expired on August 24, 2005. As part of the Settlement, the Commission acknowledged and agreed that none of the trading in question was undertaken by Mr. Mason in reliance upon undisclosed material facts or changes and that there was no evidence of any illicit purpose on the part of Mr. Mason in connection with the subject trading.

Individual Bankruptcies

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 that individual.

Penalties or Sanctions

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

EXECUTIVE COMPENSATION

Named Executive Officers

During the financial year ended December 31, 2013, the Company had three Named Executive Officers (“NEOs”) being, Douglas L. Mason, the Chief Executive Officer (“CEO”) and the former President, Sead Hamzagic, the Chief Financial Officer (“CFO”) of the Company and Allan Richard Peterson, President of the Company. On September 27, 2013, Douglas L. Mason resigned as the President of the Company and Allan Richard Peterson was appointed President.

“Named Executive Officer” means: (a) each CEO, (b) each CFO, (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Discussion and Analysis

The compensation of the Company’s Named Executive Officers is determined by the Company’s Board of Directors (the “**Board**”).

The general objectives of the Board’s compensation decisions are:

- to encourage management to achieve a high level of performance and results with a view to increasing long-term shareholder value;
- to align management’s interests with the long-term interest of shareholders;
- to provide compensation commensurate with peer companies in order to attract and retain highly qualified executives; and
- to ensure that total compensation paid takes into account the Company’s overall financial position.

The Board's compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility. In general, a Named Executive Officer's compensation is comprised of contractor payments and stock option grants.

The objectives and reasons for this system of compensation are generally to allow the Company to remain competitive compared to its peers in attracting experienced personnel. The salaries and/or consulting fees are set on a basis of a review and comparison of compensation paid to executives at similar companies, (the "**peer group**"). The companies in the peer group operate in a similar business environment and are of similar size, scope and complexity. Currently the Company's peer group consists of the following companies: Goldrea Resources Corp., Pacific North West Capital Corp., Northern Gold Mining Inc., Pacific Ridge Exploration Ltd., Balmoral Resources Ltd., Rye Patch Gold Corp. and San Marco Resources Inc., Black Panther Mining Corp., Rainy Mountain Royalty Corp., Magnum Goldcorp Inc., White Tiger Mining Corp. and International Bethlehem Mining Corp. Changes to the peer group may be made from time to time as recommended by management.

Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs.

Share-Based and Option-Based Awards

The Company does not grant share-based awards. The Board is responsible for granting options to the NEOs. Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs. When new options are granted, the Board takes into account the previous grants of options, the number of stock options currently held, position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders. The exercise price of the stock options granted is generally determined by the market price at the time of grant.

Risk of Compensation Practices and Disclosure

The Company has not formally considered the risks associated with the Company's compensation policies and practices. The Company's compensation policies and practices give greater weight toward long-term incentives to mitigate the risk of encouraging short term goals at the expense of long term sustainability. The discretionary nature of annual bonus awards and option grants are significant elements of the Company's compensation plans and provide the Board with the ability to reward historical performance and behaviour that the Board considers to be aligned with the Company's best interests. The Company has attempted to minimize those compensation practices and policies that expose the Company to inappropriate or excessive risks.

The Company's NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

SUMMARY COMPENSATION TABLE

Set out below is a summary of compensation paid or accrued during the Company's three most recently completed financial years to the Company's NEOs.

Summary Compensation Table

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Douglas L. Mason, CEO & former President ⁽²⁾	2013	30,000	Nil	5,498	N/A	N/A	N/A	5,000	41,360
	2012	30,000	Nil	Nil	N/A	N/A	N/A	Nil	30,000
	2011	30,000	Nil	Nil	N/A	N/A	N/A	2,000	32,000
Sead Hamzagic, CFO	2013	21,000	Nil	499	N/A	N/A	N/A	5,000	26,499
	2012	12,000	Nil	4,903	N/A	N/A	N/A	Nil	16,903
	2011	12,000	Nil	3,613	N/A	N/A	N/A	2,000	17,613
Allan Richard Peterson President ⁽²⁾	2013	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil

Notes:

- (1) The fair value of option-based awards is determined by the Black-Scholes Option Pricing Model with the following assumptions:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Risk-free interest rate:	1.47%	1.16%	1.43%
Expected dividend yield:	0.00%	0.00%	0.00%
Expected volatility:	133.18%	136.69%	131.95%
Expected life of option:	5 years	5 years	5 years

The Company has chosen the Black-Scholes methodology to calculate the grant date fair value of option-based awards as it is the methodology used in the Company's financial statements.

- (2) On September 27, 2013 Douglas L. Mason resigned as the President and Allan Richard Peterson was appointed as President.

Narrative Discussion

The Company paid office rent to Waterfront Communications Inc. ("WCI"), a company with certain common directors, namely, Douglas L. Mason, Sead Hamzagic, Bruce E. Morley and Valerie Samson. During the most recently completed financial year, the Company paid \$6,000 in rent to WCI.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards held by a NEO. The following table sets forth the outstanding option-based awards held by the NEOs of the Company at the end of the most recently completed financial year:

**Outstanding Share -Based Awards and
Option-Based Awards**

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Douglas L. Mason CEO & former President ⁽²⁾	275,000	0.10	February 18, 2018	Nil	N/A	N/A
Sead Hamzagic, CFO	200,000	0.10	November 1, 2016	Nil	N/A	N/A
Allan Richard Peterson President ⁽²⁾	Nil	Nil	Nil	Nil	N/A	N/A

Notes:

- (1) "In-the-Money Options" means the excess of the market value of the Company's shares on December 31, 2013 over the exercise price of the options. The market price for the Company's common shares on December 31, 2013 was \$0.05.
- (2) On September 27, 2013 Douglas L. Mason resigned as the President and Allan Richard Peterson was appointed as President.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each NEO:

**Value Vested or Earned for Incentive Plan Awards During the Most
Recently Completed Financial Year**

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Douglas L. Mason, CEO & former President ⁽²⁾	Nil	N/A	N/A
Sead Hamzagic, CFO	Nil	N/A	N/A
Allan Richard Peterson President ⁽²⁾	Nil	N/A	N/A

Notes:

- (1) All options granted to the NEOs vested on the date of grant and the exercise price of such options was equal to the closing price of the Company's shares as of the date of grant.
- (2) On September 27, 2013 Douglas L. Mason resigned as the President and Allan Richard Peterson was appointed as President.

Narrative Discussion

The following information is intended as a brief description of the Company's stock option plan (the "**Stock Option Plan**") and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

1. The maximum aggregate number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding share capital of the Company, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the last closing price of the Company's shares traded through the facilities of the TSX Venture Exchange (the "**Exchange**") prior to the announcement of the option grant, or such other price as may be required or permitted by the Exchange, or if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
2. The Board shall not grant options to any one person in any 12 month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.
3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding five years from the date on which the Board grants and announces the granting of the option.
4. If the option holder ceases to be a director, officer, employee or consultant of the Company (other than by reason of death) then the option granted shall expire on a date stipulated by the Board at the time of grant and, in any event, must terminate within 60 days after the date on which the option holder ceases to be a director, officer, employee or consultant, subject to the terms and conditions set out in the Stock Option Plan.

The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the Exchange, stock options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the stock options vesting in any three month period.

PENSION BENEFITS

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company has entered into a consulting agreement dated February 10, 2006 with Criterion Capital Corporation (a corporation controlled by Douglas L. Mason) under which the Company is required to pay a consulting fee equal to \$2,500 per month. Additionally, the Company has entered into a consulting agreement dated October 1, 2008, as amended, with Sead Hamzagic, Inc. (a corporation controlled by Sead Hamzagic) under which the Company is required to pay a consulting fee of \$2,500 per month. If either of the consulting agreements is terminated without cause, the Company is required to pay an amount equal to five times the annual consulting fee payable thereunder.

Other than disclosed herein, the Company and its subsidiaries have no compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive more than \$100,000 (including periodic payments or instalments) to compensate such executive officer in the event of resignation, retirement or other termination of the Named Executive Officer's employment with the Company or its subsidiaries, a change of control of the Company or its subsidiaries, or a change in responsibilities of the Named Executive Officer following a change in control.

The table below sets out the estimated incremental payments, payables and benefits due to each of the Named Executive Officers on termination without cause or on termination on a change of control or resignation for good cause following a change of control, assuming termination as of December 31, 2013.

Name	Base Salary (Payable only on Termination) (\$)	Bonus (Payable only on Termination) (\$)	Option-Based Awards (Payable only on Termination) (\$)	All Other Compensation (Payable only on Termination) (\$)	Total Compensation (Payable only on Termination) (\$)
Douglas L. Mason, CEO & former President	150,000	Nil	Nil	100,000	250,000
Sead Hamzagic, CFO	150,000	Nil	Nil	100,000	250,000

DIRECTOR COMPENSATION

Other than compensation paid to the NEOs, and except as noted below, no compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year

Set out below is a summary of compensation paid or accrued during the Company's most recently completed financial year to the Company's directors, other than the NEOs previously disclosed:

Director Compensation Table

Name	Fees earned (\$)	Share- based awards (\$)	Option- based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Bruce E. Morley ⁽²⁾	30,000	Nil	4,498	N/A	N/A	5,000	39,498
Valerie Samson	Nil	Nil	1,499	N/A	N/A	Nil	1,499
Andrzej Kowalski	2,000	Nil	1,325	N/A	N/A	Nil	3,325

Notes:

(1) The fair value of option-based awards is determined by the Black-Scholes Option Pricing Model with the following assumptions:

Risk-free interest rate:	1.47%
Expected dividend yield:	0.00%
Expected volatility:	133.8%
Expected life of option:	5 years

The Company has chosen the Black-Scholes methodology to calculate the grant date fair value of option-based awards as it is the methodology used in the Company's financial statements.

- (2) Such compensation was paid to a company controlled by Bruce E. Morley and was for legal services provided to the Company.

Narrative Discussion

Other than referred to herein, no compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the board of directors of the Company or its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year, save and accept that the Company entered into a Legal Services Agreement dated March 1, 2006 with Bruce E. Morley Law Corporation (a corporation controlled by Bruce E. Morley, a director of the Company) under which the Company is required to pay a fee for legal services rendered equal to \$2,500 per month. If the Legal Services Agreement is terminated without cause, the Company is required to pay an amount equal to five times the annual fee payable thereunder.

The Company has entered into three agreements with certain directors/officers for services rendered in such capacities. If such agreements are terminated without consent of the director/officer or the director/officer resigns within 120 days following a change in defacto control, the Company must pay \$100,000 to such director/officer and allow any unvested stock options owned by such director/officer to vest.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards held by a director. The following table sets forth details of all awards granted to directors of the Company which are outstanding at the end of the most recently completed financial year.

Outstanding Option-Based Awards and Option-Based Awards

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Bruce Morley	225,000	0.10	February 15, 2018	Nil	N/A	N/A
Valerie Samson	75,000	0.10	February 15, 2018	Nil	N/A	N/A
Andrzej Kowalski	25,000 75,000	0.10 0.10	February 15, 2018 July 24, 2017	Nil	N/A	N/A

Note:

- (1) "In-the-Money Options" means the excess of the market value of the Company's shares on December 31, 2013 over the exercise price of the options. The market price for the Company's common shares on December 31, 2013, was \$0.05.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each director:

Value Vested or Earned for Incentive Plan Awards During the Most Recently Completed Financial Year

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Bruce E. Morley	Nil	Nil	Nil
Valerie Samson	Nil	Nil	Nil
Andrzej Kowalski	Nil	Nil	Nil

Note:

- (1) The exercise price of such options was equal to the closing price of the Company's shares as of the date of grant.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at the end of the most recently completed financial year:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by the securityholders	950,000	\$0.10	15,406
Equity compensation plans not approved by the securityholders	N/A	N/A	N/A
Total	950,000	\$0.10	15,406

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the most recently completed financial year of the Company.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Stock Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

APPOINTMENT OF AUDITOR

Auditor

Management intends to nominate Davidson & Company LLP, Chartered Accountants, of Vancouver, British Columbia, for re-appointment as auditor of the Company. Forms of proxies given pursuant to this solicitation will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of Davidson & Company LLP, Chartered Accountants, as the auditor of the Company to hold office for the ensuing year with remuneration to be fixed by the directors.

MANAGEMENT CONTRACTS

Other than as disclosed elsewhere in this Circular, no Management functions of the Company are to any substantial degree performed by a person or company other than the directors or NEOs of the Company.

AUDIT COMMITTEE

The Company is required to have an audit committee (the "**Audit Committee**") comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

Audit Committee Charter

The text of the Audit Committee's charter is attached as Schedule "A" to this Circular.

Composition of Audit Committee and Independence

The Company's current Audit Committee consists of Valerie Samson, Bruce E. Morley and Andrzej Kowalski.

National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company’s Board, reasonably interfere with the exercise of the member’s independent judgment. Of the Company’s current Audit Committee members, a majority thereof, namely Valerie Samson and Andrzej Kowalski are “independent” within the meaning of NI 52-110.

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. All of the members of the Audit Committee are “financially literate” as that term is defined. The following sets out the Audit Committee members’ education and experience that is relevant to the performance of his responsibilities as an audit committee member.

Relevant Education and Experience

Bruce E. Morley is a director of the Company and has been a practicing lawyer and a member in good standing with the Law Society of British Columbia since 1981. Mr. Morley also has a Bachelor of Commerce degree. Mr. Morley has held a variety of senior positions with various public companies since 1994.

Valerie Samson is a corporate consultant providing communications, marketing and human resources consulting to private and public companies. Over the past 19 years Ms. Samson has held senior positions as Vice President of Administration and Vice President of Corporate Affairs with several publicly traded companies.

Andrzej Kowalski is a director of the Company and a successful entrepreneur and multiple business owner. Mr. Kowalski is also a qualified lawyer experienced in commercial law and litigation. Much of Mr. Kowalski’s business career has involved founding, financing, operating and selling technology companies both in the private and public sectors.

Audit Committee Oversight

Since the commencement of the Company’s most recently completed financial year, the Audit Committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

Audit Fees

The following table sets forth the fees paid by the Company and its subsidiaries to Davidson & Company LLP, Chartered Accountants, for services rendered in the last two fiscal years:

	<u>2013</u>	<u>2012</u>
	(\$)	(\$)
Audit fees ⁽¹⁾	20,000	35,000
Audit related fees ⁽²⁾	400	\$700
Tax fees ⁽³⁾	1,500	2,500
All other fees ⁽⁴⁾	<u>Nil</u>	<u>Nil</u>
Total	<u>\$21,900</u>	<u>\$38,2000</u>

Notes:

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
- (2) "Audited related fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax fees" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All other fees" include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees" and "Tax fees" above.

Exemption in Section 6.1

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company's approach to corporate governance is set out below.

Board of Directors

Management is nominating six individuals to the Board, all of whom are current directors of the Company.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company.

The “material relationship” is defined as a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a director’s independent judgement. Two of the current members of the Board are considered “independent” and four members are considered not “independent” within the meaning of NI 52-110.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO. The Board will give direction and guidance through the CEO to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board exercises its independent supervision over management by its policies that require periodic meetings of the Board be held to obtain an update on significant corporate activities and plans. The Board attempts to meet not less than three times during each year and endeavours to hold at least one meeting in each fiscal quarter. The Board also meets at any other time at the call of the CEO, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia) (the “Act”), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees.

Directorships

The following directors of the Company are also directors of other reporting issuers as stated:

- Douglas L. Mason is a director of White Tiger Mining Corp, International Bethlehem Mining Corp., Magnum Goldcorp Inc., Black Panther Mining Corp., Columbia Yukon Explorations Inc. and Rainy Mountain Royalty Corp.;
- Sead Hamzagic is a director of White Tiger Mining Corp., Black Panther Mining Corp., Magnum Goldcorp Inc., International Bethlehem Mining Corp., Columbia Yukon Explorations Inc. and Rainy Mountain Royalty Corp.;
- Bruce E. Morley is a director of International Bethlehem Mining Corp., White Tiger Mining Corp., Waterfront Capital Corporation, Black Panther Mining Corp., Columbia Yukon Explorations Inc., Magnum Goldcorp Inc. and Rainy Mountain Royalty Corp.; and
- Andrzej Kowalski is a director of Columbia Yukon Explorations Inc., Rainy Mountain Royalty Corp., White Tiger Mining Corp., Black Panther Mining Corp. and International Bethlehem Mining Corp.

Orientation and Continuing Education

The Board’s practice is to recruit for the Board only persons with extensive experience in business and public company matters. Prospective new board members are provided a reasonably detailed level of background information, verbal and documentary, on the Company’s affairs and plans prior to obtaining their consent to act as a director.

The Board provides training and education courses to the directors as needed, to ensure that the Board is complying with current legislative and business requirements.

Ethical Business Conduct

To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Company's operations, and the small number of officers and consultants, allow the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

Nomination of Directors

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and the other members of the Board.

Compensation Committee

The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director of the Company. As well, the number of options to be granted is determined by the Board as a whole, which allows the independent directors to have input into compensation decisions. At this time, the Company does not believe its size and limited scope of operations requires a formal compensation committee.

Assessments

The Board annually reviews its own performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between Board and Management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor Management and corporate functions without excessive administration burden.

Other Board Committees

As the Company grows, and its operations and management structure become more complex, the Board expects it will constitute formal standing committees, such as a Corporate Governance Committee, a Compensation Committee and a Nominating Committee, and will ensure that such committees are governed by written charters and are composed of at least a majority of independent directors.

PARTICULARS OF MATTERS TO BE ACTED UPON

Confirming Stock Option Plan

Shareholders are being asked to confirm approval of the Stock Option Plan which was initially adopted by the directors of the Company on June 12, 2013. There have been no changes to the Stock Option Plan since it was adopted by the directors. The Stock Option Plan is subject to approval by the Exchange.

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

1. The maximum number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding common shares of the Company at the time of grant, the exercise price of which, as determined by the board of directors in its sole discretion, shall not be less than the closing price of the Company's shares traded through the facilities of the Exchange prior to the announcement of the option grant, or, if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
2. The board of directors shall not grant options to any one person in any 12 month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.
3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding five years from the date on which the board of directors grant and announce the granting of the option.
4. If the option holder ceases to be a director of the Company or ceases to be employed by the Company (other than by reason of death), or ceases to be a consultant of the Company as the case may be, then the option granted shall expire on no later than the 60th day following the date that the option holder ceases to be a director, ceases to be employed by the Company or ceases to be a consultant of the Company, subject to the terms and conditions set out in the Stock Option Plan.

In accordance with the policies of the Exchange, a plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting.

Accordingly, at the Meeting, the shareholders will be asked to pass the following resolution:

"IT IS RESOLVED that the Stock Option Plan is hereby approved and confirmed."

Creation of Preferred Shares

In order to finance the Company's business objectives, the Company conducted a convertible debenture financing (the "**Debenture Financing**") pursuant to which the Company raised \$600,000 through the issuance of a debenture (the "**Debenture**") to Resource Income Partners Limited Partnership, part of the Sprott Group of Companies (the "**Investor**"). The Debenture Financing closed on January 17, 2014.

Pursuant to the terms of the Debenture, the Investor has the right to convert all or any part of the principal amount of the Debenture (the “**Principal Amount**”) into common shares in the authorized share structure of the Company (“**Common Shares**”) by giving notice of conversion to the Company, at a conversion price of \$0.25 (the “**Conversion Price**”) per common share, provided that once the Company has created and authorized the issuance of a class of preferred shares in its share capital (the “**Preferred Shares**”), the Principal Amount of the Debenture will automatically convert into Preferred Shares at the Conversion Price.

As the Company’s authorized share structure currently consists only of Common Shares, the Company is proposing to amend its authorized share structure by creating an unlimited number of Preferred Shares and attaching special rights and restrictions to those Preferred Shares. In order to amend its share structure to create the Preferred Shares, the Company requires the approval of its shareholders by special resolution and the approval of the Exchange.

The following is a brief summary of certain of the key rights to be attached to the Preferred Shares. Such summary is qualified by the full text of such rights, which is attached to this Circular as Schedule B, and copies of which will be available for inspection at the Meeting.

Voting Rights

The holders of the Preferred Shares will not have any voting rights in respect of the Preferred Shares and will not be entitled to receive notice of or attend any meetings of the shareholders of the Company, except meeting at which holders of the Preferred Shares are entitled to vote as a class pursuant to an express provision of the *Business Corporations Act* (British Columbia).

Dividends

The holders of the Preferred Shares will be entitled to receive in preference and priority to any payment of dividends on the Common Shares, out of any and all profits or surplus available for dividends, an annual cumulative dividend of 12% of the paid up capital of the Preferred Shares. The holders of the Preferred Shares will not be entitled to any further dividends.

Return of Capital

In respect of any payment to be made with respect to a return of capital (for example, upon a winding up of the Company), the Preferred Shares will have priority over the Common Shares.

Conversion Rights

Each Preferred Share will be convertible at any time at the holder’s option, into Common Shares on the basis of one Common Share for one Preferred Share. In addition, the Preferred Shares will automatically convert into Common Shares at a conversion price equal to \$0.25 on the date that the Common Shares of the Company trade on the Exchange, or if the Common Shares cease to trade on the Exchange, on such other designated stock exchange on which the Common Shares may trade from time to time, at a price of not less than \$0.50 for 20 consecutive trading days.

Shareholder Approval Requirements

In accordance with the Articles of the Company, to be effective, the approval of the creation of the Preferred Shares requires approval by a special resolution passed by the shareholders of the Company at a general meeting. A special resolution is a resolution passed by a majority of not less than two-thirds of the votes cast in person or by proxy. The creation of the Preferred Shares is also subject to Exchange approval.

Accordingly, at the Meeting, the shareholders will be asked to consider, and if thought appropriate, to pass, with or without amendment, a special resolution as follows:

“IT IS RESOLVED, as a special resolution that:

1. The Company’s authorized share structure, its Notice of Articles and its Articles be altered by:
 - (a) creating an unlimited number of Preferred Shares without par value;
 - (b) creating and attaching to the Preferred Shares the special rights and restrictions contained in Part 27 of the Articles of the Company, as attached hereto at Schedule B; and
 - (c) adding to the Articles of the Company Part 27, as attached hereto as Schedule B to these resolutions.
2. The alterations made to the Articles of the Company by this resolution shall not take effect until the Notice of Articles of the Company has been altered to reflect the alterations made to the Articles of the Company.
3. Subject to the deposit at the Company’s records office of these resolutions, the solicitors for the Company are authorized and directed to prepare and electronically file the required Notice of Alteration with the Registrar of Companies.
4. Any one director of the Company is authorized and directed to execute on behalf of the Company and deliver on behalf of the Company the Notice of Alteration and any other agreement, document or instrument, and do all such other acts and things as may be necessary or desirable to give effect to these resolutions.”

General Matters

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Financial information about the Company is provided in the Company's comparative annual financial statements to December 31, 2013, a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR profile at www.sedar.com. Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company, at 604-922-2030.

BOARD APPROVAL

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 29th day of May, 2014.

ON BEHALF OF THE BOARD

(signed) "Douglas L. Mason"

Douglas L. Mason
Chief Executive Officer

WATERFRONT CAPITAL CORPORATION

Schedule "A" Audit Committee Charter

The audit committee is a committee of the board of directors to which the board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

The audit committee will:

- (a) review and report to the board of directors of the Company on the following before they are published:
 - (i) the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company;
 - (ii) the auditor's report, if any, prepared in relation to those financial statements,
- (b) review the Company's annual and interim earnings press releases before the Company publicly discloses this information,
- (c) satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures,
- (d) recommend to the board of directors:
 - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - (ii) the compensation of the external auditor,
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting,
- (f) monitor, evaluate and report to the board of directors on the integrity of the financial reporting process and the system of internal controls that management and the board of directors have established,
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company,
- (h) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

- (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters,
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor,
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company, and
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with Multilateral Instrument 52-109.

Composition of the Committee

The committee will be composed of 3 directors from the Company's board of directors, a majority of whom will be independent. Independence of the Board members will be as defined by applicable legislation and as a minimum each independent committee member will have no direct or indirect relationship with the Company which, in the view of the board of directors, could reasonably interfere with the exercise of a member's independent judgment.

All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

Authority

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors.

The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

Reporting

The reporting obligations of the committee will include:

1. reporting to the board of directors on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors' meeting; and
2. reviewing, and reporting to the board of directors on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular prepared by the Company.

WATERFRONT CAPITAL CORPORATION

Schedule "B" Special Rights and Restrictions Attached to the Preferred Shares

27. SPECIAL RIGHTS AND RESTRICTIONS - PREFERRED SHARES

27.1 Preferred Shares

The Preferred shares (the "Preferred shares") shall confer on the holders thereof and shall be subject to the special rights and restrictions set out in this Part 27.

27.2 Non-Voting as a Class

The holders of the Preferred shares do not have any voting rights in respect of the Preferred shares and are not entitled as a class to receive notice of or attend any meetings of the shareholders of the Company, except meetings at which holders of such Preferred shares are, by virtue of an express provision of the *Business Corporations Act* (British Columbia), entitled to vote.

27.3 Dividends

The holders of the Preferred shares shall in each year, in preference and priority to any payment of dividends on the Common shares for such year, be entitled, out of any and all profits or surplus available for dividends, to cumulative dividends at a rate equal to 12% of the paid up capital of the Preferred shares. Such dividends shall accrue from the date of issue of each Preferred share and shall be payable annually on dates to be fixed from time to time by the directors. If on any dividend payment date the dividends payable on such date are not paid in full on the Preferred shares then issued and outstanding, such dividends or the unpaid part thereof shall be paid on a subsequent dividend payment date or dates on which the company shall have sufficient moneys properly applicable to the payment of the same. The holders of the Preferred shares shall not be entitled to any dividends other than or in excess of the dividends as hereinbefore provided.

27.4 Capital Distribution

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs (whether voluntary or involuntary) or upon a reduction of capital, the holders of the Preferred shares, in preference and priority to the holders of the Common shares, shall be entitled to receive for each Preferred share, the amount paid-up thereon together with any declared but unpaid dividends to which the holder is entitled.

27.5 Conversion Right

Holders of the Preferred shares shall have conversion rights as follows:

- (1) *Right to Convert* - Any holder of Preferred shares shall have the right (the "Conversion Right"), at its option, at any time upon giving notice as set out below to convert the whole or any part of the Preferred shares held by it into fully paid and non-assessable Common shares on the basis of one Common share for one Preferred share.

- (2) *Conversion Procedure* - If any holder of Preferred shares (the “Converting Holder”) wishes to exercise its Conversion Right, the Converting Holder shall, at least five (5) business days prior to the date specified for conversion (the “Conversion Date”), give written notice (the “Conversion Notice”) to the Company at its registered office. The Conversion Notice shall set out the Conversion Date and shall be accompanied by the deposit of the certificate(s) representing the Preferred shares in respect of which the Converting Holder desires to exercise the right of conversion (the “Conversion Shares”). The Company shall pay any administrative costs in respect of a conversion. Upon receipt of a Conversion Notice and accompanying certificate(s) for the Conversion Shares, the Company shall, effective as of the Conversion Date, issue to the Converting Holder certificates representing Common shares into which the Conversion Shares are being converted. If a part only of the shares represented by any certificate is converted, a new certificate for the balance shall be issued at the expense of the Company. The right of a Converting Holder to convert the Conversion Shares into Common shares shall be deemed to have been exercised, and the Converting Holder shall be deemed to have become a holder of Common shares of record for all purposes on the Conversion Date, notwithstanding any delay in the delivery of certificate(s) representing the Common shares into which the Conversion Shares have been converted. On the Conversion Date all rights with respect to the Conversion Shares will terminate, except for the right of the Converting Holder to receive certificate(s) representing the Common shares into which the Conversion Shares have been converted.
- (3) *Dividend Entitlement on Conversion* - The holders of any Preferred shares at the close of business on the record date for any dividend payable on such shares shall be entitled to the dividend notwithstanding that the Preferred shares are converted into Common shares after the record date and before the payment date of the dividend. The holders of any Common shares resulting from a conversion shall be entitled to rank equally with the holders of all other Common shares in respect of all dividends payable to the holders of Common shares who were holders of record at the close of business on any record date on or after the Conversion Date. Subject to the foregoing, upon conversion of any Preferred share there shall be no payment or adjustment by the Company or by any holder of Preferred shares on account of any dividends either on the Preferred shares so converted or on the Common shares resulting from the conversion.
- (4) *Anti-Dilution - Subdivision* - In the event of any change to the Common shares at any time while the Conversion Right is in effect into a greater number of or different class or classes of shares, the holder of any Preferred shares exercising its conversion rights for Common shares at any time after the change shall be entitled to such additional number or different class or classes of shares as would have resulted from the change if the right of conversion had been exercised prior to the date of the change.
- (5) *Anti-Dilution - Consolidation* - In the event of any change of the Common shares at any time while the Conversion Right is in effect into a lesser number or different class or classes of shares, the holder of any Preferred shares exercising its conversion rights for Common shares at any time after the change shall be entitled to such lesser number or different class or classes of shares as would have resulted from the change if the right of conversion had been exercised prior to the date of the change.
- (6) *Resolution of Questions on Conversion* - If any question at any time arises with respect to adjustments of the conversion rights attached to the Preferred shares, such questions shall be determined by the accountants or the auditors of the Company, acting reasonably.
- (7) *Conversion Shares Fully Paid* - All shares resulting from any conversion of Preferred shares into Common shares shall be deemed to be fully paid and non-assessable.

27.6 Automatic Conversion

Each Preferred share shall automatically be converted into fully paid and non-assessable Common shares at a conversion price of \$0.25 per share on the date the Common shares of the Company trade on the TSX Venture Exchange, or if the Common shares cease to trade on the TSX Venture Exchange, on such other designated stock exchange on which the Common shares may trade from time to time, at a price of not less than \$0.50 for 20 consecutive trading days (the “Automatic Conversion Date”). The following provisions will apply to the conversion of Preferred shares pursuant to this Section 27.6:

- (1) *Conversion Procedure* - On the Automatic Conversion Date, each holder of Preferred shares will surrender the certificates, if any, representing their Preferred shares at the office of the Company or any transfer agent for the Preferred shares duly endorsed to provide for the transfer of such Preferred shares. If no such certificate has been issued to a shareholder, instead the shareholder will provide an instrument of transfer duly executed by the shareholder whereby the shareholder transfers to the Company all of his or her Preferred shares. Thereupon, the Company will record in the central securities register that the holder in question acquired the number of Common shares into which the Preferred shares so transferred were convertible as of the date of the Automatic Conversion Date. For greater certainty, upon the Automatic Conversion Date, the applicable outstanding Preferred shares will automatically be converted effective as of such date without any further action by holders of the Preferred shares and whether or not the certificates representing such shares or instruments of transfer are delivered to the Company or its transfer agent. The Company is not required to issue a certificate evidencing the Common shares issuable upon conversion until the corresponding certificate formerly evidencing the converted Preferred shares, if any, or a transfer instrument is delivered either to the Company or to its transfer agent in accordance with the foregoing provisions and the shareholder requests a certificate.

Except as otherwise provided in this Section 27.6, effective upon the date of conversion, all rights in respect of the Preferred shares shall cease and be of no further force or effect.

- (2) *Dividend Entitlement on Conversion* - The holders of any Preferred shares at the close of business on the record date for any dividend payable on such shares shall be entitled to the dividend notwithstanding that the Preferred shares are converted into Common shares after the record date and before the payment date of the dividend. The holders of any Common shares resulting from a conversion shall be entitled to rank equally with the holders of all other Common shares in respect of all dividends payable to the holders of Common shares who were holders of record at the close of business on any record date on or after the Conversion Date. Subject to the foregoing, upon conversion of any Preferred share there shall be no payment or adjustment by the Company or by any holder of Preferred shares on account of any dividends either on the Preferred shares so converted or on the Common shares resulting from the conversion.
- (3) *Anti-Dilution - Subdivision* - In the event of any change to the Common shares at any time while any Preferred shares are outstanding into a greater number of or different class or classes of shares, the holder of any outstanding Preferred shares after the change shall be entitled to such additional number or different class or classes of shares as which the holders would otherwise have been entitled to receive if the Preferred shares had been converted prior to the date of the change.

- (4) *Anti-Dilution - Consolidation* - In the event of any change of the Common shares at any time while any Preferred shares are outstanding into a lesser number or different class or classes of shares, the holder of any outstanding Preferred shares after the change shall be entitled to such lesser number or different class or classes of shares as which the holders would otherwise have been entitled to receive if the Preferred shares had been converted prior to the date of the change.
- (5) *Resolution of Questions on Conversion* - If any question at any time arises with respect to adjustments of the conversion rights attached to the Preferred shares pursuant to this Section 27.6, such questions shall be determined by the accountants or the auditors of the Company, acting reasonably.
- (6) *Conversion Shares Fully Paid* - All shares resulting from the conversion of Preferred shares into Common shares shall be deemed to be fully paid and non-assessable.