

AVARONE METALS INC.

2016 Notice of Annual General and Special Meeting of Shareholders
ANNUAL Management Information Circular
GENERAL and
SPECIAL
MEETING

Place: Suite 610, 700 West Pender Street
Vancouver, British Columbia
V6C 1G8

Time: 10:00 a.m. (Pacific Time)

Date: Thursday, September 15, 2016

AVARONE METALS INC.

CORPORATE DATA

Head Office

Suite 610, 700 West Pender Street
Vancouver, British Columbia
V6C 1G8

Directors and Officers

Marc Levy, President, Chief Executive Officer and Director
Anita Algie, Chief Financial Officer and Director
Peter Born, Director
Max Pinsky, Corporate Secretary

Registrar and Transfer Agent

Computershare Trust Company of Canada
510 Burrard Street, 2nd Floor
Vancouver, British Columbia
V6C 3B9

Legal Counsel

Max Pinsky Personal Law Corporation
Suite 700, 1199 West Hastings Street
Vancouver, British Columbia
V6E 3T5

Auditors

MNP LLP
Suite 2200, 1021 West Hastings Street
Vancouver, British Columbia
V6E 0C3

Listing

Canadian Securities Exchange
Symbol "AVM"

AVARONE METALS INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting of Shareholders of **AVARONE METALS INC.** (the “**Company**”) will be held at the office of Avarone Metals Inc., Suite 610, 700 West Pender Street, Vancouver, British Columbia, Canada V6C 1G8, on **Thursday, September 15, 2016**, at the hour of 10:00 a.m. (Pacific Time) (the “**Meeting**”) for the following purposes:

1. To receive the audited consolidated financial statements of the Company for the fiscal year ended July 31, 2015, together with the report of the auditors thereon;
2. To appoint MNP LLP as the auditors of the Company for the ensuing year and to authorize the board of directors to fix the auditors’ remuneration;
3. To fix the number of directors of the Company to be elected at three (3);
4. To elect directors for the ensuing year;
5. To consider and, if thought fit, to pass an ordinary resolution approving and ratifying a new Stock Option Plan to replace and supersede the stock option plan currently in effect, as more particularly described in the Management Information Circular accompanying this Notice, and
6. To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

Accompanying this Notice is a Management Information Circular (the “**Information Circular**”) dated August 11, 2016, a form of proxy or voting instruction form, as the case may be, and a financial statements request form. The accompanying Information Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

Registered shareholders are entitled to vote at the meeting either in person or by proxy. Those who are unable to attend the Meeting are requested to read, complete, sign and mail the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Information Circular accompanying this Notice.

Non-registered shareholders who receive this Notice and Information Circular from their broker or other intermediaries should complete and return the proxy or voting instruction form in accordance with the instructions provided with it. Failure to do so may result in the shares of non-registered shareholders not being eligible to be voted at the Meeting.

DATED at Vancouver, British Columbia, this 11th day of August, 2016.

BY ORDER OF THE BOARD OF DIRECTORS

“*Marc Levy*”

Marc Levy, Director, President and
Chief Executive Officer

AVARONE METALS INC.

MANAGEMENT INFORMATION CIRCULAR

(Containing information as at August 11, 2016, unless indicated otherwise)

SOLICITATION OF PROXIES

This Management Information Circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of **Avarone Metals Inc.** (the “**Company**”) for use at the Annual General and Special Meeting of Shareholders of the Company (and any adjournment thereof) to be held at 10:00 a.m. (Pacific Time) on Thursday, September 15, 2016 (the “**Meeting**”) at the place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Company at nominal cost. All costs of solicitation by management will be borne by the Company. Advance notice of the Meeting was filed on SEDAR on July 15, 2016.

The contents and the sending of this Information Circular have been approved by the directors of the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The individuals named in the accompanying form of proxy are directors or officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAME OF THE PERSON NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.** A proxy will not be valid unless the completed form of proxy is received by Computershare Trust Company of Canada (“Computershare”), 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time for holding the meeting or, with respect to any matters occurring after the reconvening of any adjournment of the Meeting, not less than forty-eight (48) hours prior to the time of recommencement of such adjourned meeting.

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the Company, at Suite 610, 700 West Pender Street, Vancouver, British Columbia, V6C 1G8, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of it or to the Chair of the Meeting on the day of the Meeting or any adjournment of it. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective intermediaries to revoke the proxy on their behalf.**

A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF PROXIES

The shares represented by a properly executed proxy in favour of persons designated as proxyholders in the enclosed form of proxy will:

- (a) be voted or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any ballot that may be called for; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

ON A POLL, SUCH SHARES WILL BE VOTED **IN FAVOUR** OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED BY THE SHAREHOLDER.

The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter that may be presented to the Meeting.

ADVICE TO BENEFICIAL SHAREHOLDERS

Only registered shareholders or proxyholders duly appointed by registered shareholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only registered shareholders are entitled to vote at the Meeting. If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in such shareholder’s name on the records of the Company. 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 The Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers’ 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 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 common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders. 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 majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms 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 common shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge**

voting instruction form cannot use that form to vote common shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of common shares must be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted.

This Information Circular and accompanying materials are being sent 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 (“**Objecting Beneficial Owners**”, or “**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**”, or “**NOBOs**”). Subject to the provision of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of Reporting Issuers* (“**NI 54-101**”) issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents. 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.

Beneficial Shareholders who are OBOs will not receive the materials unless their intermediary assumes the costs of delivery.

Although Beneficial Shareholders 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. **Beneficial shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should enter their own names in the blank space on the proxy or voting instruction form provided to them 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 this Information Circular and the accompanying form of Proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

RECORD DATE AND QUORUM

The Company has set the close of business on August 11, 2016, as the record date (the “**Record Date**”) for the Meeting. Only the common shareholders of record as at the Record Date are entitled to receive notice of and to vote at the Meeting, unless after that date a shareholder of record transfers his or her common shares and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he or she owns such shares, requests at least ten (10) days prior to the Meeting that the transferee’s name be included in the list of shareholders entitled to vote, in which case such transferee is entitled to vote such shares at the Meeting.

Under the Articles of the Company, subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting.

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

Management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditor, of any person who has been a director or executive officer of the

Company at any time since the beginning of the Company's last financial year, of any proposed nominee for election as a director of the Company, or of any associate or affiliate of such persons, except as hereinafter disclosed. As directors and executive officers of the Company may participate in the Company's stock option plan, they, accordingly, have an interest in its approval and ratification, which will be sought at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of common shares without par value of which 82,277,495 common shares were issued and outstanding as of the Record Date. The holders of the Company's common shares of record at the Record Date are entitled to vote such shares at the Meeting on the basis of one vote for each common share held.

The issued and outstanding common shares are listed for trading on the Canadian Securities Exchange (the "CSE") under the symbol AVM and listed on the Frankfurt Stock Exchange under the symbol W2U1; WKN: A14SVX.

To the knowledge of the directors and senior officers of the Company, and based upon the Company's review of the records maintained by Computershare and insider reports filed with the System for Electronic Disclosure by Insiders at www.sedi.ca, as at the Record Date, there are no persons or companies who beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

STATEMENT OF EXECUTIVE COMPENSATION

The objective of this disclosure is to communicate all direct and indirect compensation the Company has paid, made payable, awarded, granted, given or otherwise provided to certain executive officers and directors for, or in connection with, services they have provided to the Company or a subsidiary of the Company, and the decision-making process related to compensation.

In this Information Circular:

"CEO" means an individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity, for any part of the financial year ended July 31, 2015;

"CFO" means an individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity, for any part of the financial year ended July 31, 2015;

"equity incentive plan" means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 Share-based Payment;

"incentive plan" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

"incentive plan award" means compensation awarded, earned, paid, or payable under an incentive plan;

"NEO" or **"named executive officer"** means each of the following individuals:

- (a) a CEO;
- (b) a 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 financial year ended July 31, 2015, whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 - *Statement of Executive Compensation*, for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

“non-equity incentive plan” means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

“option-based award” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features; and

“share-based award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

Compensation Discussion and Analysis

The Company's executive compensation program is comprised of base salary, annual cash bonuses, indirect compensation (benefits) and long-term incentives in the form of stock options. The Company's executive compensation practices are designed to attract and retain talented personnel capable of achieving the Company's objectives. The Company also utilizes compensation programs to motivate and reward the Company's executives for the ultimate achievement of the Company's goals. The Company makes use of complementary short-term and long-term incentive programs intended to provide fair, competitive and motivational rewards in the short-term while ensuring that executive's long-term objectives remain aligned with those of the shareholders.

The base salaries for all executives are paid within salary ranges established for each position based on scope and level of responsibility. Individual salaries within the range are determined by that executive's competence, skill level, experience, and market influences and conditions. Annual cash bonuses may be given based on subjective criteria, including the Company's ability to pay such bonuses, individual performance, the executive's contributions to achieving the Company's objectives and other competitive considerations.

Option-Based Awards

Stock options are granted pursuant to the Company's Stock Option Plan to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the longer-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and to attract and retain persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Company. Previous grants of incentive stock options are taken into account when considering new grants.

Implementation of a new incentive stock option plan and amendments to the existing stock option plan are the responsibility of the Company's Board of Directors.

During the financial year ended July 31, 2015, the Company had two Named Executive Officers, namely Marc Levy, President and CEO, since April 16, 2008, and Nilda Rivera, CFO, since June 23, 2010.

Summary of Compensation Table

The following table is a summary of compensation paid to the Named Executive Officers during the Company's financial year ended July 31, 2015, plus the two prior financial years:

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ¹	Non-equity incentive plan compensation (\$)			All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive plans	Long-term Incentive plans	Pension Value (\$)		
Marc Levy President & CEO	2015	\$64,800	Nil	\$5,900	N/A	N/A	N/A	Nil	\$70,700
	2014	\$64,800	Nil	\$18,620	N/A	N/A	N/A	Nil	\$83,420
	2013	\$64,800	Nil	\$3,789	N/A	N/A	N/A	Nil	\$68,589
Nilda Rivera CFO	2015	\$26,000	Nil	\$1,700	N/A	N/A	N/A	Nil	\$27,700
	2014	\$26,000	Nil	\$112	N/A	N/A	N/A	Nil	\$26,112
	2013	\$24,600	Nil	\$19,43	N/A	N/A	N/A	Nil	\$26,543

¹ Option-based awards are stock options granted to the Named Executive Officers under the Company's stock option plan. These amounts reflect the fair value of the options granted and vested during the year. The fair value of option-based awards is calculated using a Black-Scholes option pricing model with the following assumptions:

	2015	2014	2013
Risk-free interest rate	1.44%	1.84%	-
Expected dividend yield	-	-	-
Expected stock price volatility	158%	127%	-
Expected life of options	5.75 years	6.45 years	-

Option pricing models require the input of highly subjective assumptions, particularly as to the expected volatility of the stock. Changes in these assumptions can materially affect the fair value estimate, and therefore it is management's view that the existing models may not provide a single reliable measure of the fair value of the Company's stock option grants. The Company uses an option-pricing model because there is no market for which employee options may be freely traded. Readers are cautioned not to assume that the value derived from the model is the value that an employee might receive if the options were freely traded, nor assume that these amounts are the same as those reported for income tax purposes.

Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table sets out the outstanding share-based awards and option-based awards held by the Named Executive Officers as at July 31, 2015:

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 share that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Marc Levy President & CEO	190,000	\$0.05	May 20, 2018	Nil	N/A	N/A
	100,000	\$0.05	February 4, 2019	Nil	N/A	N/A
	100,000	\$0.05	February 18, 2019	Nil	N/A	N/A
	127,500	\$0.05	October 12, 2020	Nil	N/A	N/A
	97,500	\$0.05	April 26, 2022	Nil	N/A	N/A
	590,000	\$0.05	April 23, 2025	Nil	N/A	N/A
Nilda Rivera CFO	25,000	\$0.05	August 9, 2016	Nil	N/A	N/A
	25,000	\$0.05	April 27, 2017	Nil	N/A	N/A
	30,000	\$0.05	April 17, 2018	Nil	N/A	N/A
	40,000	\$0.05	October 12, 2020	Nil	N/A	N/A
	50,000	\$0.05	April 26, 2022	Nil	N/A	N/A
	170,000	\$0.05	April 23, 2025	Nil	N/A	N/A

¹ The closing market price of the Company's common shares on July 31, 2015, was \$0.02.

Incentive plan awards – value vested or earned during the year

The following table sets out the value vested or earned in incentive plan awards held by the Named Executive Officers during the financial year ended July 31, 2015:

Name	Option-based awards – Value vested during the year (\$) ¹	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Marc Levy President & CEO	Nil	N/A	N/A
Nilda Rivera CFO	Nil	N/A	N/A

¹ This value was determined by calculating the difference between the market price of the underlying common shares on the vesting dates and the exercise price of the options on the vesting dates.

See “Particulars of Matters to be Acted Upon – New Stock Option Plan” for a summary of the terms of the Company's proposed new stock option plan.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Company had no plans or arrangements in respect of remuneration received or that may be received by the Named Executive Officers in the Company's financial year ended July 31, 2015, nor in its most recently completed financial year ended July 31, 2016, in respect to compensating such officers in the event of termination of employment (as a result of resignation, retirement, change of control, etc.) or a change in responsibilities following a change of control.

Compensation of Directors

The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the financial year ended July 31, 2015, or subsequently, up to and including the date of this Information Circular:

Director compensation table

The following table sets forth the compensation provided to directors of the Company, who are not Named Executive Officers, during the Company's financial year ended July 31, 2015:

Name	Year	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) ¹	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Anita Algie	2015	Nil	Nil	\$500	N/A	N/A	N/A	\$500
	2014	Nil	Nil	\$3,256	N/A	N/A	N/A	\$3,256
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peter Born	2015	Nil	Nil	\$500	N/A	N/A	N/A	\$500
	2014	Nil	Nil	\$3,256	N/A	N/A	N/A	\$3,256
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A

¹ Option-based awards are stock options granted to the Named Executive Officers under the Company's stock option plan. These amounts reflect the fair value of the options granted and vested during the year. The fair value of option-based awards is calculated using a Black-Scholes option pricing model with the following assumptions:

	2015	2014	2013
Risk-free interest rate	1.44%	1.84%	-
Expected dividend yield	-	-	-
Expected stock price volatility	158%	127%	-
Expected life of options	5.75 years	6.45 years	-

Option pricing models require the input of highly subjective assumptions, particularly as to the expected volatility of the stock. Changes in these assumptions can materially affect the fair value estimate, and therefore it is management's view that the existing models may not provide a single reliable measure of the fair value of the Company's stock option grants. The Company uses an option-pricing model because there is no market for which employee options may be freely traded. Readers are cautioned not to assume that the value derived from the model is the value that an employee might receive if the options were freely traded, nor assume that these amounts are the same as those reported for income tax purposes.

Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table sets out the outstanding share-based awards and option-based awards held by the directors of the Company, who are not Named Executive Officers, as at July 31, 2015:

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 (\$)	Number of shares or units of share that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Anita Algie	50,000	\$0.05	January 27, 2024	Nil	N/A	N/A
	50,000	\$0.05	April 23, 2025	Nil	N/A	N/A
Peter Born	50,000	\$0.05	January 27, 2024	Nil	N/A	N/A
	50,000	\$0.05	April 23, 2025	Nil	N/A	N/A

¹ The closing market price of the Company's common shares on July 31, 2015, was \$0.02.

Incentive plan awards – value vested or earned during the year

The following table sets out the value vested or earned in incentive plan awards by the directors of the Company, who are not Named Executive Officers, during the financial year ended July 31, 2015:

Name	Option-based awards – Value vested during the year (\$) ¹	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Anita Algie	Nil	N/A	N/A
Peter Born	Nil	N/A	N/A

¹ This value was determined by calculating the difference between the market price of the underlying common shares on the vesting dates and the exercise price of the options on the vesting dates.

See “Particulars of Matters to be Acted Upon – New Stock Option Plan” for a summary of the terms of the Company's proposed new stock option plan.

Equity Compensation Plans

The following table provides information regarding the Company's equity compensation plans which were in effect as at the financial year ended July 31, 2015:

Plan Category	# of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	# of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity Compensation Plans Approved by Shareholders	2,942,500	\$0.05	3,682,000
Equity Compensation Plans Not Approved by Shareholders	N/A	N/A	N/A
Total	2,942,500	\$0.05	3,682,000

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICE

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) provides guidelines on corporate governance disclosure for venture issuers as set out in Form 58-101F2 and requires full and complete annual disclosure of a listed company’s systems of corporate governance with reference to each of such guidelines (the “Guidelines”). Where a company’s corporate governance system differs from the Guidelines, each difference and the reason for the difference is required to be disclosed. The Company’s approach to corporate governance is provided below.

Corporate governance relates to the activities of the board of directors of the Company (the “**Board**”), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices that are both in the interest of its shareholders and contribute to effective and efficient decision making. National Policy 58-201 - *Corporate Governance Guidelines* establishes corporate governance guidelines that apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. NI 58-101 mandates disclosure of corporate governance practices for Venture Issuers in Form 58-101F2, which disclosure is set out below.

Board of Directors

Structure and Compensation

All of the proposed nominees for election as a director at the 2016 Annual General and Special Meeting are current directors of the Company. Form 58-101F1 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under National Instrument 52-110 (“NI 52-110”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. “Material relationship” is defined as a relationship that could, in the view of the company’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment. Of the proposed nominees, Marc Levy, who also serves the Company as President and CEO, and Anita Algie, who also serves the Company as CFO, are “inside” or management directors and, as such, are considered not to be “independent”. The one remaining proposed nominee is considered by the Board to be “independent”, within the meaning of NI 52-110. In assessing Form 58-101F2 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors. It is the objective of the Company to continue the search for additional qualified individuals

who would be willing to serve as directors and who would be considered as “independent”, so as to strive to have a majority of independent Board members and enhance the quality of the Company’s corporate governance.

The Company does not currently have a Chairman of the Board and, given the current size of the Board, does not consider that a Chairman is necessary. The independent director exercises his responsibility for independent oversight of management, and is provided with leadership through his position on the Board. The Board will give consideration to appointing an “independent” member as Chairman at such time as it believes that such a position is required but will not be able to do so until additional “independent” directors are recruited and appointed.

The Company does not currently pay its directors any remuneration for acting as directors and the only compensation for acting as directors received by non-management directors is through the grant of incentive stock options. The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current Board compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director of the Company. The number of options to be granted to any director or officer is determined by the Board as a whole, thereby providing the independent directors with significant input into compensation decisions. Options to be granted to “management” directors are required, as a matter of board practice, to be reviewed and approved by the “non-management” directors. Given the current size and limited scope of operations of the Company, the Board does not believe that a formal compensation committee is required. At such time as, in the opinion of the Board, the size and activities of the Company and the number of management employees warrants it, the Board will consider it necessary to appoint a formal compensation committee.

The following directors of the Company are directors of other reporting issuers:

Name of Director	Other Reporting Issuers	Exchange
Anita Algie	American Lithium Corp. Aurgent Resource Corp. Lions Gate Metals Inc. Unity Energy Corp.	TSX Venture Exchange TSX Venture Exchange Canadian Securities Exchange TSX Venture Exchange
Peter Born	Aldever Resources Inc. Lions Gate Metals Inc. Unity Energy Corp.	TSX Venture Exchange Canadian Securities Exchange TSX Venture Exchange

Mandate of the Board

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the 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 the Audit Committee. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company’s overall business strategies and its annual business plan, reviewing and approving the annual corporate budget and forecast, reviewing and approving significant capital investments outside the approved budget; reviewing major strategic initiatives to ensure that the Company’s proposed actions accord with shareholder objectives; reviewing succession planning; assessing management’s performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders’ equity interests through the optimum utilization of the Company’s capital resources. The Board also takes responsibility for identifying the principal risks of the Company’s business and for ensuring these risks are effectively monitored

and mitigated to the extent reasonably practicable. At this stage of the Company's development, the Board does not believe it is necessary to adopt a written mandate, as sufficient guidance is found in the applicable corporate legislation and regulatory policies. However, as the Company grows, the Board will likely move to develop a formal written mandate.

In keeping with its overall responsibility for the stewardship of the Company, the Board is responsible for the integrity of the Company's internal control and management information systems and for the Company's policies respecting corporate disclosure and communications.

Each member of the Board understands that he is entitled, at the cost of the Company, to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances.

The positions of President and CEO are combined. The Board believes the Company is well serviced and the independence of the Board from management is not compromised by the combined role. The Board does not, and does not consider it necessary to, have any formal structures or procedures in place to ensure that the Board can function independently of management. The Board believes that its current composition, in which two of three members is independent, is sufficient to ensure that the Board can function independently of management.

Nomination and Assessment

The Board as a whole determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the individual Board members, including both formal and informal discussions among Board members and the President and CEO. The current size of the Board is such that the entire Board takes responsibility for selecting new directors and assessing current directors. Proposed directors' credentials are reviewed in advance of a Board meeting with one or more members of the Board prior to the proposed director's nomination.

The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions. The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an *ad hoc* basis.

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current level of operations. However, if the growth of the Company's operations warrants it, it is likely that a formal orientation process will be implemented.

The skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies in the natural resource sector. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the members of the Company's Board.

Expectations of Management and Ethical Business Conduct

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives. 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 employees allow the independent members of the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. Should the Company operations grow in size and scope, the Board anticipates that it would then formulate and implement a formal Code of Business Conduct and Ethics.

Committee Responsibilities and Activities

Committees of the Board are an integral part of the Company's governance structure. At the present time, the only standing committee is the Audit Committee. Disclosure with respect to the Audit Committee, as required by NI 52-110 – *Audit Committee*, is shown in the next section of this Information Circular. As the Company grows, and its operations and management structure become more complex, the Board will likely find it appropriate to constitute formal standing committees, such as a Corporate Governance Committee, Compensation Committee and Nominating Committee, and to ensure that such committees are governed by written charters and are composed of at least a majority of "independent" directors.

AUDIT COMMITTEE

Under National Instrument 52-110 – *Audit Committees* ("NI 52-110"), companies are required to provide certain disclosure with respect to their audit committee, including the text of the audit committee's charge, which is attached hereto as Schedule "A", the composition of the audit committee and the fees paid to the external auditor.

Composition of the Audit Committee

Following the election of the directors pursuant to this Information Circular, it is intended that the following will be the members of the Audit Committee:

Member	Independent/ Not Independent¹	Financially Literate/ Not Financially Literate²	Relevant Education and Experience
Marc E. Levy	Not Independent	Financially literate	Mr. Levy is the President and CEO of Mosam Ventures Inc., a venture capital firm. He has also served as a director, officer and audit committee member for several publicly traded companies.
Anita Algie	Not Independent	Financially literate	Ms. Algie serves as a director, officer and audit committee member of several publicly traded companies.
Peter Born	Independent	Financially Literate	Mr. Born serves as a director, officer and audit committee member of several publicly traded companies.

- 1 A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company that could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment.
- 2 An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth 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.

In their positions with the Company and other mineral resource companies, members of the audit committee have been responsible for receiving information relating to other companies and obtaining an understanding of the balance sheet, income statements and statements of cash flows and how these statements are integral in assessing the financial condition of companies and their operating results.

Each member has an understanding of the mineral exploration and mining business in which the Company is engaged and has an appreciation of the financial issues and accounting principles that are relevant in assessing the Company's financial disclosures and internal control systems.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Chairman of the Audit Committee is authorized to approve any non-audit services or additional work which the Chairman deems as necessary and is required to notify the other members of the Audit Committee of such non-audit or additional work.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees¹	Audit Related Fees²	Tax Fees³	All Other Fees⁴
2015	\$10,700	Nil	Nil	Nil
2014	\$12,000	Nil	Nil	Nil

1 The aggregate audit fees billed.

2 The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements that are not included under the heading "Audit Fees".

- 3 The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- 4 The aggregate fees billed for products and services other than as set out under the headings “Audit Fees”, “Audit Related Fees” and “Tax Fees”.

Exemption

The Company is relying upon the exemption in section 6.1 of the National Instrument 52-110 – *Audit Committees*.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At no time during the Company’s financial year ended July 31, 2015, nor in its most recently completed financial year ended July 31, 2016, was any director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of its subsidiaries, indebted to the Company or any of its subsidiaries or indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, other than routine indebtedness.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Applicable securities legislation defines “*informed person*” to mean any of the following: (a) a director or executive officer of a reporting issuer; (b) a director or officer of a person or company that is itself an informed person or subsidiary of a reporting issuer; (c) any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

None of the informed persons of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, in any transactions since the commencement of the Company’s financial year ended July 31, 2015, or in any proposed transaction which, in either case, has or will materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

The management functions of the Company are substantially performed by the directors and officers of the Company, and not to any substantial degree by any other person with whom the Company has contracted.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth in this Information Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than

the election of directors or the appointment of auditors. Directors and executive officers may, however, be interested in the approval of the Company's New Stock Option Plan as detailed below.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Financial Statements

The Board has approved the audited financial statements of the Company for the fiscal year ended July 31, 2015, together with the auditors' report thereon, and the corresponding Management's Discussion and Analysis, all of which will be tabled at the Meeting. Copies of these financial statements have been sent to those shareholders, who had requested receipt of same, and are also available on SEDAR. **No approval or other action needs to be taken at the Meeting in respect of these documents.**

2. Appointment of Auditor

MNP LLP ("MNP") are the independent registered certified auditors of the Company. Management proposes that MNP be re-appointed as auditors of the Company, to hold office until the next annual meeting of shareholders or until a successor is appointed at a remuneration to be fixed by the directors.

Davidson and Company LLP, Chartered Accountants, the former auditors of the Company were asked to resign as the auditors of the Company and did so effective October 27, 2015. MNP LLP, Chartered Accountants, of Vancouver, British Columbia, were appointed by the Directors of the Company as the new auditors of the Company commencing October 27, 2015. The resignation of Davidson and Company LLP, Chartered Accountants, and the appointment of MNP LLP, Chartered Accountants, in their place was approved by the Audit Committee of the Company and, subsequently, by its Board of Directors.

Attached to this Information Circular as Schedule "B" is the reporting package filed with the requisite securities regulatory authorities with respect to the Company's change of auditors.

Unless otherwise directed, the common shares represented by proxies in favour of the management designees will be voted FOR the re-appointment of MNP LLP as auditors of the Company to hold office until the next annual meeting of shareholders or until a successor is appointed and to authorize the directors to fix the remuneration of the auditors.

3. Fixing the Number of Directors

The Company is required to have at least three directors and there are currently three directors on the Company's board of directors. At the Meeting, it is proposed that the number of directors to be elected to hold office until the next annual meeting of shareholders or until their successors are elected or appointed be set at three (3).

Unless otherwise directed, it is the intention of management to vote proxies IN FAVOUR of setting the number of directors to be elected at three (3).

4. Election of Directors

All current directors of the Company cease to hold office immediately before the election or appointment of directors at the Meeting but are eligible for re-election or re-appointment. Unless the director's office is earlier vacated in accordance with the provisions of *Business Corporations Act* (British Columbia) or

the Articles of the Company, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated.

It is proposed that the below stated nominees be elected at the Meeting as directors of the Company for the ensuing year. The director nominees include Marc Levy, Anita Algie, and Peter Born, all of whom are current directors of the Company.

The persons designated in the enclosed Form of Proxy, unless otherwise directed, intend to vote FOR the election to the Board of the nominees listed below. Management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees in their discretion.

Pursuant to the Advance Notice Policy, as adopted by the directors of the Company on March 3, 2013, and subsequently approved by the shareholders of the Company, along with the addition of Advance Notice Provisions (the “**Provisions**”) to the Articles of the Company, on June 26, 2013, any additional director nominations for the Meeting must be received by the Company in accordance with the Provisions. As no such nominations were received by the Company, 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 management’s nominees for election as directors; all offices in the Company each nominee now holds; each nominee’s principal occupation, business or employment; the period of time during which each nominee has been a director of the Company; and the number of common shares of the Company beneficially owned by each nominee, directly or indirectly, or over which each nominee exercised control or direction, as at the Record Date.

Name, Municipality of Residence and Position Held ¹	Principal Occupation for the Past Five Years ¹	Director of the Company Since	Common Shares Beneficially Owned or Controlled, Directly or Indirectly ²
Marc E. Levy ³ British Columbia, Canada President, Chief Executive Officer & Director	President & CEO of Mosam Ventures Inc., October 2004 to present; Director of Aurora Cannabis Inc., December 2006 to present.	August 1, 2006	4,102,651 ⁴
Anita Algie ³ British Columbia, Canada Director	President & CEO of Aurgent Gold Corp., July 2011 to present; President & CEO of Unity Energy Corp., May 2006 to present; President & CEO of American Lithium Corp. (formerly Menika Mining Ltd.), August 2011 to present; CFO of Deloro Resources Ltd., February	October 31, 2013	790,000

	2011 to October 2013; Director of Lions Gate Metals Inc., November 2014 to present		
Peter Born ³ Ontario, Canada	Geologist; Currently a Senior Geological Consultant for an Ottawa based consulting firm	February 6, 2014	Nil
Director			

- 1 The information as to the residency and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually
- 2 The information as to shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually and from the records obtained from the System for Electronic Disclosure by Insiders (SEDI) available at www.sedi.ca
- 3 Denotes member of Audit Committee
- 4 Of this total, 56,950 common shares are held in trust for Samson Levy

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, other than as disclosed below, no proposed director:

- (a) is, at the date of this Information Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that,
 - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of this Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 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 the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

Anita Algie is currently the President and CEO of Unity Energy Corp. (formerly Gold Key Capital Corp.) which received a suspension order from the TSX Venture Exchange on November 30, 2009, for failure to complete a Qualifying Transaction within the prescribed time period (by November 27, 2009) as per TSX Venture Exchange Policy 2.4. Gold Key Capital Corp. (“**Gold Key**”) initially filed its documentation in November 2008, however, was not able to raise the appropriate funds required under the concurrent financing due to the economic crisis. On December 30, 2009, Gold Key completed its Qualifying Transaction and its common shares were reinstated for trading on December 31, 2009.

Anita Algie was a former director of Alderon Iron Ore Corp. (formerly Alderon Resource Corp.) (“**Alderon**”) when it was halted from trading by the TSX Venture Exchange after a cease trade order (“**CTO**”) was issued by the British Columbia Securities Commission on May 11, 2009. Due to financial hardship, Alderon failed to file its audited annual financial statements and management’s discussion and analysis for the year ended December 31, 2008, within the time period prescribed by securities laws. The CTO was revoked in August 2009 when Alderon filed the required documentation.

Anita Algie was a former director of Aroway Energy Inc. (formerly Aroway Minerals Inc.) (“**Aroway**”) when it was halted from trading by the TSX Venture Exchange after a CTO was issued by the British Columbia Securities Commission on November 5, 2009. Due to financial hardship, Aroway failed to file its annual financial statements and management’s discussion and analysis for the year ended June 30, 2009, within the time period prescribed by securities laws. The CTO was revoked and Aroway was reinstated for trading on November 26, 2009, when Aroway filed the required documentation.

Anita Algie was a former director of Portia Exploration Ltd. (“**Portia**”). On May 10, 2010, trading in the shares of Portia was suspended due to its failure to complete a Qualifying Transaction within the prescribed time period as per TSX Venture Exchange Policy 2.4. Portia initially filed its documentation in April 2010, however, was not able to raise the necessary funds required under the concurrent financing. On August 19, 2010, Portia was transferred to the NEX board of the TSX Venture Exchange (the “**NEX**”) for failure to complete a Qualifying Transaction. On July 18, 2011, Portia began the application process to resume trading on the NEX. However, on March 8, 2012, Portia received a CTO issued by the British Columbia Securities Commission for failure to file its annual audited financial statements and management’s discussion & analysis for the year ending October 31, 2011, within the time period prescribed by securities laws. These documents have not been filed as a result of financial hardships on the company. Portia was also suspended from the NEX as of March 8, 2012. On February 26, 2013, Portia received a notice of delisting from the NEX for failure to pay its NEX listing maintenance fees and on October 9, 2013, was delisted from the NEX.

5. **New Stock Option Plan**

The Company has had a stock option plan in effect since December 18, 2003. At that time, the Company’s common shares traded on the TSX Venture Exchange (“**TSXV**”) and pursuant to Policy 4.4 of the TSXV, all TSXV listed companies are required to adopt a stock option plan prior to granting incentive stock options. On December 18, 2003, the Board of Directors of the Company established such a plan (the “**TSXV Stock Option**

Plan”). The TSXV Stock Option Plan - a “rolling” 10% stock option plan - was most recently approved by the shareholders of the Company at the last Annual General and Special Meeting of shareholders held June 1, 2015.

On January 20, 2016, the Company voluntarily delisted from the TSXV and its common shares commenced trading on the Canadian Securities Exchange (“CSE”). With the move from the TSXV to the CSE, the Company adopted a new form of stock option plan with all stock options outstanding under the TSXV Stock Option Plan rolled into the new stock option plan (the “CSE Stock Option Plan”). The CSE Stock Option Plan is substantially similar to the Company’s former TSXV Stock Option Plan, except that it does not contain references to the TSXV or its policies. A summary of the CSE Stock Option Plan follows and its full text is attached hereto as Schedule “C”. A copy of the CSE Stock Option Plan will be presented to and available for inspection by shareholders at the Meeting.

At the Meeting, the Company will be seeking shareholder approval and ratification of its CSE Stock Option Plan, a “rolling” stock option plan whereby 10% of the number of issued and outstanding shares of the Company at any given time may be reserved for issuance pursuant to the exercise of options.

The CSE Stock Option Plan was established to attract and retain directors, officers, employees and consultants and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under the CSE Stock Option Plan to purchase common shares of the Company. The intention of management in proposing the CSE Stock Option Plan is to increase the proprietary interest of such persons in the Company and, thereby, aid the Company in attracting, retaining and encouraging the continued involvement of such persons with the Company.

The CSE Stock Option Plan provides for a floating maximum limit of 10% of the outstanding common shares, as permitted by the policies of the CSE. As of the date of this Circular, the Company was eligible to grant up to 8,227,750 options under its CSE Stock Option Plan and there are presently 7,009,166 stock options outstanding and 1,218,584 reserved and available for issuance. Incentive stock options to be issued in the future will be subject to the terms and conditions of the CSE Stock Option Plan.

The CSE Stock Option Plan contains provisions such that:

- (a) the term of an option cannot exceed ten (10) years from the date of grant;
- (b) no more than 5% of the issued and outstanding shares of the Company may be granted to any one individual in any 12 month period;
- (c) no more than 4% of the issued and outstanding shares of the Company may be granted to any one consultant in any 12 month period;
- (d) no more than 1% of the issued and outstanding shares of the Company may be granted to any one person conducting investor relations activities in any 12 month period;
- (e) options will vest at the discretion of the Company’s directors;
- (f) options are non-assignable and non-transferable, except as provided for in the event of a death of an optionee;
- (g) the period in which an optionee’s heirs or administrators can exercise any portion of outstanding options must not exceed 12 months from the optionee’s death;
- (h) option grants are limited to bona fide directors, officers, employees or consultants, or corporations wholly owned by such directors, officers, employees or consultants, as the case may be; and
- (i) vested options terminate 90 days subsequent to any director, officer, employee or consultant ceasing to be engaged by the Company for any reason other than death; and
- (j) vested options terminate 30 days subsequent to any optionee engaged in investor relations activities ceasing to be engaged by the Company.

The CSE Stock Option Plan is administered by the Company's Board of Directors, which, subject to the limitations of the CSE Stock Option Plan, has the authority to:

- (a) grant options to purchase common shares to eligible persons;
- (b) determine the terms, limitations, restrictions and conditions respecting such grants;
- (c) interpret the CSE Stock Option Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the CSE Stock Option Plan as it shall from time to time deem advisable; and
- (d) make all other determinations and take all other actions in connection with the implementation and administration of the CSE Stock Option Plan including, without limitation, for the purpose of ensuring compliance with securities laws and CSE policies, as it may deem necessary or advisable.

Pursuant to the CSE Stock Option Plan, the exercise price of an option is set by the Board of Directors and cannot be lower than the greater of the closing market price of the Company's common shares on the trading day prior to the date of grant of the stock options, and the date of grant of the stock options.

In addition, the CSE Stock Option Plan contains provisions for changes in options pursuant to, among other corporate actions, any share consolidation or subdivision, stock dividend, take-over bid, or change of control.

Accordingly, shareholders of the Company will be asked at the Meeting to pass an ordinary resolution, in substantially the following form, to approve for the ensuing year, the Company's CSE Stock Option Plan:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT the Company's CSE Stock Option Plan, as described in the Company's Information Circular dated August 11, 2016, be hereby approved and ratified.”

Management of the Company recommends that shareholders vote in favour of approving and ratifying the CSE Stock Option Plan, and the persons named in the enclosed form of proxy intend to vote FOR approval and ratification of the CSE Stock Option Plan at the Meeting, unless otherwise directed by the shareholders appointing them.

6. Other Business

The Company will consider and transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof. Management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting the common shares represented by the proxies solicited hereby will be voted on such matter in accordance with the best judgement of the persons voting by proxy.

ADDITIONAL INFORMATION

Additional information regarding the Company and its business activities is available on the SEDAR website located at www.sedar.com under “Company Profiles – Avarone Metals Inc.”. The Company's financial information is provided in the Company's comparative financial statements and related management discussion and analysis for its financial year ended July 31, 2015, and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis by contacting the CEO of the Company at Suite 610, 700 West Pender Street, Vancouver, British Columbia V6C 1G8

Schedule “A”

The following is the text of the current Charter of the Audit Committee (the “**Charter**”) as adopted by the Board on November 29, 2005. The Board of Directors may amend the Charter in the future in light of evolving corporate governance standards.

Audit Committee Charter

Overall Purpose / Objectives

The Audit Committee will assist the board of directors (the “Board”) in fulfilling its responsibilities. The Audit Committee will review the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company’s process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the committee will maintain effective working relationships with the Board of Directors, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each committee member will obtain an understanding of the responsibilities of committee membership as well as the Company’s business, operations and risks.

Authority

The Board authorizes the audit committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice and to ensure the attendance of Company officers at meetings as appropriate.

Organization

Membership

The Audit Committee will be comprised of at least three members, who are directors, a majority of which are not officers or employees of the Company.

The chairman of the Audit Committee will be nominated by the committee from time to time.

A quorum for any meeting will be two members.

The secretary of the Audit Committee will be the Company Secretary, or such person nominated by the Chairman.

Attendance at Meetings

The Audit Committee may invite such other persons (e.g. the President or Chief Financial Officer) to its meetings, as it deems appropriate.

Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting of the Audit Committee if they consider that it is necessary.

The proceedings of all meetings will be minuted.

Roles and Responsibilities

The Audit Committee will:

- Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review any legal matters which could significantly impact the financial statements as reported on by the general counsel and meet with outside independent counsel whenever deemed appropriate.
- Review the annual and quarterly financial statements, including Management's Discussion and Analysis and all annual and interim earnings press releases, prior to public dissemination, including any certification, report, opinion or review rendered by the external auditors and determine whether they are complete and consistent with the information known to committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles.
- Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- Evaluate the fairness of the interim financial statements and disclosures and obtain explanations from management on whether:
 - (a) actual financial results for the interim period varied significantly from budgeted or projected results;
 - (b) generally accepted accounting principles have been consistently applied;
 - (c) there are any actual or proposed changes in accounting or financial reporting practices; and
 - (d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.

- Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- Review the performance of the external auditors and approve in advance provision of services other than auditing. Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the company. The Board authorizes the Chairman of the Audit Committee to approve any non-audit or additional audit work which the Chairman deems as necessary and to notify the other members of the Audit Committee of such non-audit or additional work.
- Make recommendations to the Board regarding the reappointment of the external auditors and the compensation to be paid to the external auditor.
- Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- Review and approve the Company's hiring policies regarding partners, employers and former partners and employees of the present and former external auditors of the Company.
- Establish a procedure for:
 - (a) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
 - (b) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
- Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.
- Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
- Perform other functions as requested by the full Board.
- If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.
- Review and recommend updates to the charter; receive approval of changes from the Board.

SCHEDULE "B"

AVARONE METALS INC.

#610-700 West Pender Street, Vancouver, BC Canada V6 1G8

NOTICE OF CHANGE OF AUDITOR

NATIONAL INSTRUMENT 51-102

TO: British Columbia Securities Commission

AND TO: Alberta Securities Commission

The Auditors of the Company have been the firm of Davidson and Company LLP Chartered Accountants, of Vancouver, British Columbia.

Davidson and Company LLP Chartered Accountants, the former auditors of AVARONE METALS INC. (the "Company") were asked to resign as the Auditors of the Company and did so effective October 27, 2015. MNP LLP Chartered Accountants of Vancouver, British Columbia, were appointed by the Directors of the Company as the new Auditors of the Company commencing October 27, 2015.

The resignation of Davidson and Company LLP Chartered Accountants and the appointment of MNP LLP Chartered Accountants, in their place has been approved by the Audit Committee of the Company and, subsequently, by its Board of Directors.

There have been no reservations contained in the former auditors' reports on any of the financial statements of the Company commencing at the beginning of the two most recently completed fiscal years and ending on July 31, 2015 and there have been no reportable events.

DATED at Vancouver, British Columbia this 20th November 2015.

BY ORDER OF THE BOARD

"Anita Algie"

Anita Algie
Director
Avarone Metals Inc.

November 23, 2015

British Columbia Securities Commission
PO Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC
V7Y 1L2

TSX Venture Exchange
P.O. Box 11633
Suite 2700 – 650 West Georgia Street
Vancouver, BC
V6B 4N9

Alberta Securities Commission
600, 250 – 5th Street S.W.
Calgary, AB
T2P 0R4

Toronto Stock Exchange
The Exchange Tower
130 King Street West, 3rd Floor
Toronto, Ontario
M5X 1J2

Dear Sirs / Mesdames

Re: Avarone Metals Inc. (the "Company")
Notice Pursuant to NI 51 – 102 of Change of Auditor

In accordance with National Instrument 51-102, we have read the Company's Change of Auditor Notice dated November 20, 2015 and agree with the information contained therein, based upon our knowledge of the information at this date.

Should you require clarification or further information, please do not hesitate to contact the writer.

Yours very truly,

Davidson & Company LLP

DAVIDSON & COMPANY LLP
Chartered Professional Accountants

cc: **TSX Venture Exchange**



1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Davidson-co.com



November 20, 2015

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia
V7Y 1L2

Alberta Securities Commission

Suite 600, 250-5th St. SW
Calgary, Alberta
T2P 0R4

Dear Sirs/Mesdames:

**Re: Avarone Metals Inc. (the "Company")
Notice Pursuant to NI 51-102 - Change of Auditor**

As required by the National Instrument 51-102 and in connection with our proposed engagement as auditor of the Company, we have reviewed the information contained in the Company's Notice of Change of Auditor, dated November 20, 2015, and agree with the information contained therein, based upon our knowledge of the information relating to the said notice and of the Company at this time, except that we have no basis to agree or disagree with the statement that there have been no reportable events during the period that Davidson and Company LLP Chartered Accounts has been the auditor of the Company.

Yours truly,

MNP LLP



ACCOUNTING > CONSULTING > TAX
SUITE 2200, MNP TOWER, 1021 WEST HASTINGS STREET, VANCOUVER B.C., V6E 0C3
1.877.688.8408 T: 604.685.8408 F: 604.685.8594 MNP.ca

SCHEDULE "C"

AVARONE METALS INC.

INCENTIVE STOCK OPTION PLAN

Dated for Reference August 11, 2016

PART 1 INTERPRETATION

- 1.1 Definitions. In this Plan, the following words and phrases shall have the following meanings:
- (a) “**Affiliate**” means a company that is a parent or subsidiary of the Company, or that is controlled by the same person as the Company;
 - (b) “**Board**” means the board of directors of the Company and includes any committee of directors appointed by the directors as contemplated by Section 3.1;
 - (c) “**Change of Control**” means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than 50% of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board;
 - (d) “**Company**” means Avarone Metals Inc.;
 - (e) “**Consultant**” means an individual or Consultant Company, other than an Employee, Director or Officer, that:
 - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate, other than services provided in relation to a distribution of securities;
 - (ii) provides such services under a written contract between the Company or an Affiliate;
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate; and
 - (iv) has a relationship with the Company or an Affiliate that enables the individual to be knowledgeable about the business and affairs of the Company;
 - (f) “**Consultant Company**” means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;
 - (g) “**CSE**” means the Canadian Securities Exchange;
 - (h) “**Director**” means a director of the Company or a Subsidiary;
 - (i) “**Eligible Person**” means a bona fide Director, Officer, Employee or Consultant, or a corporation wholly owned by such Director, Officer, Employee or Consultant;

- (j) **“Employee”** means:
- (i) an individual who is considered an employee of the Company or a Subsidiary under the Income Tax Act (and for whom income tax, employment insurance and CPP deductions must be made at source);
 - (ii) an individual who works full-time for the Company or a Subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
 - (i) an individual who works for the Company or a Subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;
- (k) **“Exchange”** means the CSE or any other stock exchange on which the Shares are listed for trading;
- (l) **“Exchange Policies”** means the policies, bylaws, rules and regulations of the Exchange governing the granting of options by the Company, as amended from time to time;
- (m) **“Expiry Date”** means a date not later than ten (10) years from the date of grant of an option;
- (n) **“Income Tax Act”** means the Income Tax Act (Canada), as amended from time to time;
- (o) **“Insider”** has the meaning ascribed thereto in the Securities Act;
- (p) **“Investor Relations Activities”** means any activities, by or on behalf of the Company or a shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
- (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company
 - (A) to promote the sale of products or services of the Company, or
 - (B) to raise public awareness of the Company,
 that cannot reasonably be considered to promote the purchase or sale of securities of the Company;
 - (ii) activities or communications necessary to comply with the requirements of
 - (A) applicable Securities Laws,
 - (B) the Exchange, or
 - (C) the bylaws, rules or other regulatory instruments of any self-regulatory body or exchange having jurisdiction over the Company;

- (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
 - (A) the communication is only through such newspaper, magazine or publication, and
 - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
 - (iv) activities or communications that may be otherwise specified by the Exchange;
 - (q) “**Joint Actor**” means a person acting jointly or in concert with another person;
 - (r) “**Optionee**” means the recipient of an option under this Plan;
 - (s) “**Officer**” means any senior officer of the Company or a Subsidiary;
 - (t) “**Plan**” means this incentive stock option plan, as amended from time to time;
 - (u) “**Securities Act**” means the Securities Act (British Columbia), as amended from time to time;
 - (v) “**Securities Laws**” means the acts, policies, bylaws, rules and regulations of the securities commissions governing the granting of options by the Company, as amended from time to time;
 - (w) “**Shares**” means the common shares of the Company without par value; and
 - (x) “**Subsidiary**” has the meaning ascribed thereto in the Securities Act.
- 1.2 Governing Law. The validity and construction of this Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- 1.3 Gender. Throughout this Plan, whenever the singular or masculine or neuter is used, the same shall be construed as meaning the plural or feminine or body politic or corporate, and vice-versa as the context or reference may require.

PART 2 PURPOSE

- 2.1 Purpose. The purpose of this Plan is to attract and retain Directors, Officers, Employees and Consultants and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares.

PART 3 GRANTING OF OPTIONS

- 3.1 Administration. This Plan shall be administered by the Board or, if the Board so elects, by a committee (which may consist of only one person) appointed by the Board from its members.
- 3.2 Committee's Recommendations. The Board may accept all or any part of any recommendations of any committee appointed under Section 3.1 or may refer all or any part thereof back to such committee for further consideration and recommendation.

- 3.3 Board Authority. Subject to the limitations of this Plan, the Board shall have the authority to:
- (a) grant options to purchase Shares to Eligible Persons;
 - (b) determine the terms, limitations, restrictions and conditions respecting such grants;
 - (c) interpret this Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan as it shall from time to time deem advisable; and
 - (d) make all other determinations and take all other actions in connection with the implementation and administration of this Plan including, without limitation, for the purpose of ensuring compliance with Section 7.1, as it may deem necessary or advisable.
- 3.4 Grant of Option. A resolution of the Board shall specify the number of Shares that shall be placed under option to each Eligible Person; the exercise price to be paid for such Shares upon the exercise of such option; any applicable hold period; and the period, including any applicable vesting periods required by Exchange Policies or by the Board, during which such option may be exercised.
- 3.5 Written Agreement. Every option granted under this Plan shall be evidenced by a written agreement between the Company and the Optionee substantially in the form attached hereto as Appendix “A”, containing such terms and conditions as are required by Exchange Policies and applicable Securities Laws, and, where not expressly set out in the agreement, the provisions of such agreement shall conform to and be governed by this Plan. In the event of any inconsistency between the terms of the agreement and this Plan, the terms of this Plan shall govern.
- 3.6 Withholding Taxes. If the Company is required under the Income Tax Act or any other applicable law to make source deductions in respect of Employee stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of any Shares upon the exercise of options, then any Optionee who is deemed an Employee shall:
- (a) pay to the Company, in addition to the exercise price for such options, the amount necessary to satisfy the required tax remittance as is reasonably determined by the Company;
 - (b) authorize the Company, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Company determines a portion of the Shares issued upon the exercise of such options to realize proceeds to be used to satisfy the required tax remittance; or,
 - (c) make other arrangements acceptable to the Company to satisfy the required tax remittance.

PART 4 RESERVE OF SHARES

- 4.1 Sufficient Authorized Shares to be Reserved. A sufficient number of Shares shall be reserved by the Board to permit the exercise of any options granted under this Plan. Shares that were the subject of any option that has lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.
- 4.2 Maximum Number of Shares Reserved. Unless authorized by the shareholders of the Company, this Plan, together with all of the Company’s other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive

mechanisms involving the issuance or potential issuance of Shares, shall not result, at any time, in the number of Shares reserved for issuance pursuant to options exceeding 10% of the issued and outstanding Shares as at the date of grant of any option under this Plan.

- 4.3 Limits with Respect to Individuals. The aggregate number of Shares subject to an option that may be granted to any one individual in any 12 month period under this Plan shall not exceed 5% of the issued and outstanding Shares determined at the time of such grant.
- 4.4 Limits with Respect to Consultants. The aggregate number of Shares subject to an option that may be granted to any one Consultant in any 12 month period under this Plan shall not exceed 4% of the issued and outstanding Shares determined at the time of such grant.
- 4.5 Limits with Respect to Investor Relations Activities. The aggregate number of Shares subject to an option that may be granted to any one person conducting Investor Relations Activities in any 12 month period under this Plan shall not exceed 1% of the issued and outstanding Shares determined at the time of such grant.

PART 5

CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS

- 5.1 Exercise Price. Subject to Section 5.2, the exercise price of an option may not be lower than the greater of the closing market price of the Shares on the trading day immediately preceding the date of grant of the option, and the date of grant of the options, less any applicable discount allowed by the Exchange.
- 5.2 Exercise Price if Distribution. If any options are granted within 90 days of a public distribution by prospectus, then the minimum exercise price shall be the greater of that specified in Section 5.1 and the price per share paid by the investors for Shares acquired under the public distribution. The 90 day period shall commence on the date the Company is issued a final receipt for the prospectus.
- 5.3 Expiry Date. Each option shall, unless sooner terminated, expire on a date to be determined by the Board which shall not be later than the Expiry Date.
- 5.4 Different Exercise Periods, Prices and Number. The Board may, in its absolute discretion, upon granting an option under this Plan and subject to the provisions of Section 5.3, specify a particular time period or periods following the date of granting such option during which the Optionee may exercise the option and may designate the exercise price and the number of Shares in respect of which such Optionee may exercise the option during each such time period.
- 5.5 Termination of Employment. If a Director, Officer, Employee or Consultant ceases to be so engaged by the Company for any reason other than death, such Director, Officer, Employee or Consultant shall have the right to exercise any vested option granted to him under this Plan and not exercised prior to such termination within a period of 90 days after the date of termination, or such shorter period as may be set out in the Optionee's written agreement.
- 5.6 Termination of Investor Relations Activities. If an Optionee who is engaged in Investor Relations Activities ceases to be so engaged by the Company, such Optionee shall have the right to exercise any vested option granted to the Optionee under this Plan and not exercised prior to such termination within a period of 30 days after the date of termination, or such shorter period as may be set out in the Optionee's written agreement.

- 5.7 Death of Optionee. If an Optionee dies prior to the expiry of an option, his heirs or administrators may within 12 months from the date of the Optionee's death exercise that portion of an option granted to the Optionee under this Plan which remains vested and outstanding.
- 5.8 Assignment. No option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than as provided for in Section 5.7.
- 5.9 Notice. Options shall be exercised only in accordance with the terms and conditions of the written agreements under which they are granted and shall be exercisable only by notice in writing to the Company substantially in the form attached hereto as Appendix "B".
- 5.10 Payment. Options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an Optionee upon the exercise of an option shall be paid for in full in cash at the time of their purchase.

PART 6 CHANGES IN OPTIONS

- 6.1 Share Consolidation or Subdivision. In the event that the Shares are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any Shares that are then subject to option shall be adjusted accordingly.
- 6.2 Stock Dividend. In the event that the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as it deems proper in its absolute discretion.
- 6.3 Effect of a Take-Over Bid. If a bona fide offer to purchase Shares (an "Offer") is made to an Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of Section 1(1) of the Securities Act, the Company shall, upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon all Shares subject to option (the "Option Shares") shall become vested and such option may be exercised in whole or in part by such Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise pursuant to the Offer. However, if:
- (a) the Offer is not completed within the time specified therein including any extensions thereof; or
 - (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become vested pursuant to Section 3.4 shall be reinstated. If any Option Shares are returned to the Company under this Section 6.3, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

- 6.4 Acceleration of Expiry Date. If, at any time when an option granted under this Plan remains unexercised with respect to any unissued Option Shares, an Offer is made by an offeror, the Board

may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of options granted under this Plan vested, and declare that the Expiry Date for the exercise of all unexercised options granted under this Plan is accelerated so that all options shall either be exercised or shall expire prior to the date upon which Shares must be tendered pursuant to the Offer.

- 6.5 Effect of a Change of Control. If a Change of Control occurs, all outstanding options shall become vested, whereupon such options may be exercised in whole or in part by the applicable Optionee.
- 6.6 Other Stock Exchange Listing. In the event that the Company applies or intends to apply for listing on a stock exchange other than the CSE and, based on the policies and requirements of the other stock exchange, the Company believes that any or all options granted hereunder will not be accepted or approved by the other stock exchange, then the Company may, in its sole discretion, immediately cancel any or all options that remain outstanding to meet the listing requirements of the other stock exchange. If the Company cancels any such options pursuant to this Section 6.6, then no compensation will be owed by the Company to the applicable Optionee.
- 6.7 Approval and Cancellation. In the event that approval from the CSE or other stock exchange, as applicable, is not received for the grant of any options hereunder, each Optionee agrees that the Company may immediately cancel any or all such options that remain outstanding. If the Company cancels any of such options pursuant to this Section 6.7, then no compensation shall be owed by the Company to the applicable Optionee.

PART 7 SECURITIES LAWS AND EXCHANGE POLICIES

- 7.1 Securities Laws and Exchange Policies Apply. This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in applicable Securities Laws and Exchange Policies and such terms and conditions shall be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between such terms and conditions and this Plan, such terms and conditions shall govern. In the event that the Shares are listed on a new stock exchange, in addition to the terms and conditions set out from time to time in applicable Securities Laws, the granting or cancellation of options shall be governed by the terms and conditions set out from time to time in the policies, bylaws, rules and regulations of the new stock exchange and unless inconsistent with the terms of this Plan, the Company shall be able to grant or cancel options pursuant to the policies, bylaws, rules and regulations of such new stock exchange without requiring shareholder approval.

PART 8 AMENDMENT

- 8.1 Board May Amend. The Board may, by resolution, amend or terminate this Plan, but no such amendment or termination shall, except with the written consent of the Optionees concerned, affect the terms and conditions of options previously granted under this Plan which have not then lapsed, terminated or been exercised.
- 8.2 Exchange Approval. Any amendment to this Plan or options granted pursuant to this Plan shall not become effective until such Exchange and shareholder approval as is required by Exchange Policies and applicable Securities Laws has been received.
- 8.3 Amendment to Insider's Options. Any amendment to options held by Insiders which results in a reduction in the exercise price of the options at the time of the amendment shall be conditional upon obtaining disinterested shareholder approval for that amendment.

PART 9
EFFECT OF PLAN ON OTHER COMPENSATION OPTIONS

- 9.1 Other Options Not Affected. This Plan is in addition to any other existing stock options granted prior to and outstanding as at the date of this Plan and shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Employees and Consultants.

PART 10
OPTIONEE'S RIGHTS AS A SHAREHOLDER

- 10.1 No Rights Until Option Exercised. An Optionee shall be entitled to the rights pertaining to share ownership, such as to dividends, only with respect to Shares that have been fully paid for and issued to the Optionee upon the exercise of an option.

PART 11
EFFECTIVE DATE OF PLAN

- 11.1 Effective Date. This Plan shall become effective upon its approval by the Board.

APPENDIX “A”

INCENTIVE STOCK OPTION AGREEMENT

Avarone Metals Inc. (the “**Company**”) hereby grants the undersigned (the “**Optionee**”) options to purchase common shares of the Company (the “**Options**”) in accordance with the Company’s incentive stock option plan, as amended from time to time (the “**Plan**”), according to the following terms. The Optionee acknowledges that the grant of Options is subject to (a) the Plan; (b) the regulations and provisions of the British Columbia Securities Commission, the Alberta Securities Commission, the Ontario Securities Commission and any other applicable provincial securities commission; and (c) the approval of the Canadian Securities Exchange or other stock exchange, as applicable.

Name of Optionee: _____

Address: _____

Telephone Number: _____

Email Address: _____

Position with the Company: _____

Number of Options: _____

Exercise Price: _____

Date of Grant: _____

Expiry Date: _____

Vesting Schedule: All of the Options shall vest immediately unless otherwise described in the table below.

Period	% of Shares Vested

IN WITNESS WHEREOF, the Company and Optionee have caused this Agreement to be duly executed as of the date first written above.

AVARONE METALS INC.

Per:

Authorized Signatory

OPTIONEE

APPENDIX "B"

AVARONE METALS INC.

EXERCISE NOTICE

The undersigned hereby subscribes for _____ common shares of Avarone Metals Inc. (the "**Company**") at a price of \$_____ per share for a total amount of \$_____ (the "**Exercise Price**") pursuant to the provisions of the Incentive Stock Option Agreement entered into between the undersigned and the Company dated _____, 201____.

Date

Signature

Name

Address

Telephone Number

Email Address