

**CANAMEX RESOURCES CORP.**  
**Suite 303, 595 Howe Street**  
**Vancouver, B.C. V6C 2T5**  
**Phone: (604) 332-8612 Fax: (604) 718-2808**

## **INFORMATION CIRCULAR**

(As at November 24, 2015, except as indicated)

The Company is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the "**Meeting**") of the Company to be held on Tuesday, December 29, 2015 and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

### **APPOINTMENT OF PROXYHOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the "**Management Proxyholders**").

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

### **VOTING BY PROXY**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

## COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, **Computershare Trust Company, Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1**, by mail or facsimile, in accordance with the instructions set out in the form of proxy accompanying this Information Circular, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## NOTICE-AND-ACCESS

The Company is not sending this Information Circular to registered or beneficial shareholders using "notice-and-access" as defined under National Instrument 54-101 ("**NI 54-101**").

## NON-REGISTERED HOLDERS

**Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders 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 instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "**Nominee**"). If you purchased your shares through a broker, you are likely you are likely a non-registered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to "non objecting beneficial owners". If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

## **NOBOs**

The Company is sending the proxy-related materials for the Meeting directly to "non objecting beneficial owners" ("**NOBOs**"), as defined under NI 54-101. The name and address and information about NOBO holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominees holding on behalf of NOBOs. By choosing to send these materials to NOBOs directly, the Company (and not the Nominees holding on behalf of NOBOs) has assumed responsibility for (i) delivering these materials to NOBOs and (ii) executing the proper voting instructions of NOBOs.

## **OBOs**

The Company does not intend to pay for Nominees to deliver the proxy-related materials and Form 54-101F7 to "objecting beneficial owners" ("**OBOs**"), as defined under NI 54-101. As a result, OBOs will not receive the Meeting materials unless their Nominee assumes the costs of delivery.

## **REVOCABILITY OF PROXY**

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **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 Nominees to revoke the proxy on their behalf.**

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of common shares without par value (the "**shares**"), of which 133,199,721 shares are issued and outstanding. Persons who are registered shareholders at the close of business on the record date, being November 24, 2015, will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company, except as follows:

<i>Name</i>	<i>No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</i>	<i>Percentage of Outstanding Shares</i>
Hecla Canada Ltd.	17,237,149 <sup>(1)</sup>	12.9%
Gold Resource Corp.	22,222,222 <sup>(2)</sup>	16.7%
Concept Capital Management Ltd.	\$1.5M Principal Amount Convertible Debenture <sup>(3)</sup>	<sup>(3)</sup>

- (1) Of these shares, 14,000,000 were acquired at a price of \$0.18 per share pursuant to the Company's private placement that closed November 21, 2012 (the "Closing"). Pursuant to an Ancillary Rights Agreement, Hecla Canada Ltd. (being a wholly owned Canadian subsidiary of Hecla Mining Company) ("Hecla"), was restricted from selling any of its shares in the Company for a period of 12 months following Closing, except as may otherwise be approved by the Company or in relation to any takeover bid made by a third party not acting in concert with Hecla. For so long as Hecla holds more than 10% of the Company's outstanding shares (on an undiluted basis), Hecla also has the right to participate in future equity offerings of the Company, including in respect of common shares of the Company issued on exercise of outstanding common share purchase warrants, in order to maintain Hecla's pro-rata equity interest in the Company. Pursuant to the Ancillary Rights Agreement, Hecla is also required to vote its shares in favor of management's proposals on matters of routine business (being the election of directors, the appointment of auditors, and the approval of the Company's stock option plan) at any meeting of shareholders of the Company held within 12 months after the Closing. In addition, of these shares, 141,911 were acquired by Hecla at a price of \$0.15 per share pursuant to the Company's private placement that closed on December 20, 2012, and 3,095,238 were acquired by Hecla at a price of \$0.21 per share pursuant to the Company's private placement that closed on October 3, 2014. In addition, Hecla was issued a warrant (the "Warrant") to purchase an additional 1,547,619 shares at a price of \$0.30 per share for a period of two years from October 3, 2014, expiring October 2, 2016.
- (2) These shares, which were issued pursuant to the Company's private placement that closed February 27, 2014, are held indirectly through GRC Nevada Inc.
- (3) Pursuant to a private placement that closed on October 20, 2015, the Company issued a Convertible Debenture in the Principal Amount of \$1,500,000 (the "Debenture") to Concept Capital Management Ltd. ("CCM"), which matures October 20, 2016. The Debenture is convertible into 30,000,000 Units at Cdn\$0.05 per unit, each unit consisting of one common share and one-half transferable share purchase warrant (for a total 15,000,000 common shares), each whole warrant entitling the holder to purchase one additional common share at a price of Cdn\$0.05 per share on or before April 20, 2017. Assuming conversion and full exercise of warrants that may be issued, CCM would hold 45,000,000 common shares of the Company, representing 25.3% of the 178,199,721 then issued and outstanding shares of the Company. To date, CCM has not converted this Debenture. CCM has agreed in an Undertaking to the TSX Venture Exchange not to convert the Debenture if it would place it in a Control Position in the Company unless the Company has received shareholder approval to such change of control.

## **ELECTION OF DIRECTORS**

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of directors of the Company at seven (7).

The Company is required to have an audit committee. Members of this committee are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees, and each other person whose term of office as a director will continue after the Meeting, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(1)</sup></i>
<b>Greg Hahn</b> , P.Geo., Geo. Engineer, Tuscon, Arizona U.S.A. <b>President, COO, and Director</b>	President and Chief Operating Officer of the Company since September 2012; Interim CEO since May 9, 2014.	Director since September 8, 2011	5,804,900 <sup>(2)</sup>
<b>Mark Billings</b> <sup>(3)</sup> , MBA, CFA, Montreal, Quebec CANADA <b>CEO and Director</b>	Chairman of the Board and CEO of the Company since November 2014; previously served as CFO and Senior Vice President of Argex Titanium Inc. (TSX: RGX) from October 2009 to June 2014.	Director since February 25, 2009	809,048 <sup>(4)</sup>
<b>Dr. Dean McDonald</b> , Ph.D., P.Geo. North Vancouver, B.C. CANADA <b>Director</b>	Senior Vice President-Exploration for Hecla Mining Company since September 2006.	Director since July 30, 2013.	Nil
<b>Mike Stark</b> <sup>(3)</sup> Surrey, B.C. CANADA <b>Director</b>	24 year member of the Fire Service International Association of Fire Fighters, currently Captain; Director of TransAmerican Energy Inc., a company listed on the Exchange.	Director since February 25, 2009	1,555,235 <sup>(5)</sup>
<b>Michael Pesner</b> <sup>(3)</sup> , CPA/CA, Montreal, Quebec CANADA <b>Director</b>	Chartered Professional Accountant; President of Hermitage Canada Finance Inc.; Former partner at KPMG and predecessor firms since 1988; Director of several public and private companies.	Director since December 17, 2014	Nil

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(1)</sup></i>
<b>Frank Högel,</b> Stuttgart, Germany <b>Director</b>	Asset Manager, involved in financial evaluation of companies and convertible debenture structuring; Member of Advisory Board for Concept Capital Management Ltd.; Over 13 years' experience in mining industry, and expertise as international financier/investor; Holds degree in Economics and International Business and Management from University of Nürtingen in Germany, and a Finance Degree (DTV) as a tested finance and stock consultant; Director of three other public companies.	Director since October 20, 2015	300,000
<b>Jeb Handwerger</b> North Miami Beach, Florida, U.S.A. <b>Nominee as Director</b>	Self-employed President and owner of <a href="http://Goldstocktrades.com">Goldstocktrades.com</a> , a website and newsletter focused on the junior mining sector for the past six years; Prior thereto taught mathematics for six years in Broward County, Florida.	Standing for election as Nominee at this Meeting	110,000

- (1) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at November 24, 2015, based upon information furnished to the Company by individual directors. Unless otherwise indicated, such shares are held directly.
- (2) Of these shares, 3,477,225 are held indirectly through Gregory A. Hahn Revocable Trust.
- (3) Member of the audit committee.
- (4) Of these shares, 45,000 are held by Nancy Loane and controlled by Mr. Billings.
- (5) Of these shares, 1,302,735 are held indirectly through Starkkollections, a private company controlled by Mike Stark.

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, and except in regard to Frank Högel and Jeb Handwerger, who are the nominees of Concept Capital Management Ltd., ("CCM") pursuant to CCM's right to nominate two persons to the Company's board of directors in connection with the Company's private placement of Convertible Debentures, the first tranche of which closed October 20, 2015.

Except as set out below, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("CFO") of any company (including the Company) that:

- (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days other than:
- A) Mike Stark, who was a director of TransAmerican Energy Inc. ("TAE") while that company was subject to:
- 1) a cease trade order issued on August 20, 2008 by the British Columbia Securities Commission (the "**TAE BC CTO**") against TAE for failure to file annual oil and gas disclosure prescribed by National Instrument 51-101, *Standards of Disclosure for Oil and Gas Activities*, for the years ended April 30, 2006 and 2007. TAE subsequently brought all of its annual continuous disclosure filings up-to-date, and the TAE BC CTO was revoked on November 19, 2008;
  - 2) a cease trade order issued on August 21, 2008 by the Alberta Securities Commission against TAE (the "**TAE Alberta CTO**") for failure to file annual oil and gas disclosure for the year ended April 30, 2007. TAE subsequently brought all of its annual continuous disclosure filings up-to-date, and the TAE Alberta CTO was revoked on November 25, 2008;
  - 3) a management cease trade order issued on August 31, 2009 by the British Columbia Securities Commission (the "**TAE MCTO**") against TAE for failure to file annual financial statements for the year ended April 30, 2009. The financial statements were subsequently filed and the TAE MCTO was revoked on October 2, 2009; and
- B) Frank Högel, who was a director of Oremex Silver Inc. ("Oremex") while that company was subject a cease trade order issued by the British Columbia Securities Commission on April 1, 2014 and June 3, 2014, and the Alberta Securities Commission on September 2, 2014 as a result of the failure of Oremex to file financial statements for the year ended November 30, 2013, interim financial statements for the period ended February 28, 2014, and a Form 51-102F1 Management's Discussion and Analysis for the periods ended November 30, 2013 and February 28, 2014. The cease trade orders remain in effect. Mr. Högel is still a director of Oremex; and
- C) Frank Högel, who was appointed to the Board of Directors of Huldra Silver Inc. ("Huldra") (now Nicola Mining Inc.) on November 21, 2014, *after* Huldra, on July 26, 2013, sought creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA"). Huldra obtained a stay order (the "Initial Order") from the Supreme Court of British Columbia (the "Court"). The Initial Order provided for a stay of proceedings against the applicants and their property for an initial period ending August 26, 2013, which the Court extended to November 24, 2014. Huldra implemented the restructuring of its debts and obligations under a Plan of Compromise and Arrangement dated August 8, 2014 (the "Plan"). The Plan was prepared by Huldra in connection with CCAA Proceedings under the CCAA and was approved by the creditors of Huldra on September 23, 2014 and sanctioned by the Court on October 10, 2014. The certificate of Plan implementation was filed with the Court on November 21, 2014. The stay of proceedings granted to Huldra

pursuant to the CCAA Proceedings has been terminated. As of the date of this Information Circular, Huldra continues the implementation of its restructuring plan in accordance with the terms and conditions of the Plan.

- D) Mark Billings, who was a director of Sunset Cove Mining Inc. (“Sunset”) while that company was subject to a cease trade order issued by the British Columbia Securities Commission on August 6, 2015 as a result of Sunset’s incapacity to file its annual audited financial statements and Management’s Discussion and Analysis and CEO and CFO Certificates by the filing deadline of July 30, 2015, due to lack of funding to pay for the costs associated with the audit. As of the date hereof, Sunset remains subject to such cease trade order; or
- (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information 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, except for Michael Pesner, who was a director of Prestige Telecom Inc. (“Prestige”) until his resignation on May 25, 2011. Subsequent to his resignation, Prestige filed a notice of intention to file a proposal to its creditors pursuant to the *Bankruptcy and Insolvency Act* (Canada). On March 29, 2012 Prestige received a final order from the Court approving the proposal, which had been approved at a meeting of Prestige’s creditors on March 6, 2012.
- (c) has, within the 10 years before the date of this Information 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 penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for the election of a proposed director.

The following directors of the Company hold directorships in other reporting issuers as set out below:

<i>Name</i>	<i>Name and Jurisdiction of Reporting Issuer</i>
Greg Hahn	Formation Metals Inc. (TSX)



<i>Name</i>	<i>Name and Jurisdiction of Reporting Issuer</i>
Mark Billings	St.-Georges Platinum and Base Metals Ltd. (CNSX) Fancamp Exploration Ltd. (TSX-V) Knowlton Capital Inc. (NEX) Sunset Cove Mining Inc. (TSX-V)
Mike Stark	TransAmerican Energy Inc. (TSX-V)
Michael Pesner	Richmond Mines Inc. (TSX- and NYSE MKT) Quest Rare Minerals Ltd. (TSX) Le Chateau Inc. (TSX) Alexandria Minerals Corporation (TSX-V) Nutritional High International Inc. (CSE) W12WI Corporation (TSX-V)
Frank Högel	Tembo Gold Corp. (TSX-V) Nicola Mining Inc. (TSX-V) Oremex Silver Inc. (TSX-V) Golden Goliath Resources (TSX-V)

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The main objective of the Company's executive compensation program is to attract, retain, and engage high-quality, high-performance executives who have the experience and ability to successfully execute the Company's strategy and deliver value to our shareholders.

The objectives of the Company's executive compensation program are as follows:

- (i) compensate executives competitively for the leadership, skills, knowledge, and experience necessary to perform their duties;
- (ii) align the actions and economic interests of executives with the interests of shareholders; and
- (iii) encourage retention of executives.

The Board of Directors of the Company (the "Board") has established a Compensation Committee, which is comprised of Mike Stark, Michael Pesner and Dean McDonald, all of whom are independent members of the Board.

The purpose of the Compensation Committee is to make recommendations to the Board regarding (a) executive compensation (including philosophy and programs); (b) management development and succession; (c) compensation of the members of the Board; and (d) broadly applicable compensation and benefit programs. However, it is the Board as a whole which is responsible for determining the final compensation (including long-term incentive in the form of stock options) to be granted to the Company's executive officers and directors to ensure that such arrangements reflect the responsibilities and risks associated with each position. Management directors are required to abstain from voting in respect of their own compensation, thereby providing the independent members of the Board with considerable input as to executive compensation.

## **Process for Determining Executive Compensation**

As a junior natural resource issuer, the Company's executive compensation program focuses primarily on rewarding the efforts of its executives in increasing shareholder value and meeting the goals and objectives established by the Board for the Company as a whole and each executive on an individual basis. The Compensation Committee is responsible for reviewing executive compensation with respect to the achievement of these goals on an annual basis and making recommendations to the Board with input from the Company's Chief Executive Officer. In doing so, the Compensation Committee recognizes the importance of ensuring that overall compensation for Named Executive Officers is not only internally equitable, but also competitive within the market segment for junior natural resource issuers. Specifically, the Compensation Committee's review and evaluation includes measurement of, among others, the following areas: (a) the achievement of corporate objectives, such as financings, exploration programs and successes, acquisitions, joint ventures and other business development, in particular having regard to the budgetary constraints and other challenges facing the Company; (b) the Company's financial condition; and (c) the Company's share price, market capitalization and shareholder returns. The Compensation Committee also takes into consideration the value of similar incentive awards to executive officers at comparable companies and the awards given to executive officers in the past.

The goal of the Compensation Committee is to meet at least once a year to assess, evaluate, monitor and make recommendations to the Board regarding appropriate executive compensation policies as well as succession planning, and will meet more frequently if required.

The Compensation Committee has recommended to the Board that the executive compensation program should be comprised of the following elements:

- Management Fee – to compensate executives for the leadership, skills, knowledge and experience required to perform their duties; and
- Long-term Incentive Plan – to retain talented executives, reward them for their anticipated contribution to the long-term successful performance of the Company and align them with the interests of shareholders. The plan currently consists only of incentive stock options and performance milestone payments which are fully described under "Termination and Change of Control Benefits" on page 12 herein.

## **Compensation Policies and Risk Management**

The Board has not proceeded to an evaluation of the implications of the risks associated with the Company's compensation policies and practices.

The Company has not retained a compensation consultant during or subsequent to the most recently completed financial year.

The Company does not use a specific "benchmark group" to determine executive compensation levels.

Total compensation for executive officers includes consulting fees, long-term incentive stock options and performance milestone payments.

## Hedging of Economic Risks in the Company's Securities

The Company has not adopted a policy forbidding directors and officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by directors or officers. The Company is not, however, aware of any directors or officers having entered into this type of transaction.

## Option-based awards

The Company's stock option plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX-V, and closely align the interests of the executive officers with the interests of shareholders. The directors of the Company are also eligible to receive stock option grants under the Company's stock option plan, and the Company applies the same process for determining such awards to directors as with NEOs.

## Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 *Statement of Executive Compensation* which came into force on October 31, 2011 (the "**Form 51-102F6**")) sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years of the Company ending on December 31, 2014 (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of each Chief Executive Officer and the Chief Financial Officer who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the Chief Executive Officer and the Chief Financial Officer), as at December 31, 2014 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the "**Named Executive Officers**" or "**NEOs**").

<i>NEO Name and Principal Position</i>	<i>Year</i>	<i>Salary (\$)</i>	<i>Share-Based Awards (\$)</i>	<i>Option-Based Awards (\$)</i>	<i>Non-Equity Incentive Plan Compensation (\$)</i>		<i>Pension Value (\$)</i>	<i>All Other Compensation (\$)</i>	<i>Total Compensation (\$)</i>
					<i>Annual Incentive Plans</i>	<i>Long-term Incentive Plans</i>			
Greg Hahn <sup>(1)(5)(8)(9)</sup> President and COO; former CEO, Vice Chairman and President	2014	Nil	Nil	109,305 <sup>(10)</sup>	Nil	Nil	Nil	180,497 <sup>(3)</sup>	289,802
	2013	Nil	Nil	Nil	Nil	Nil	Nil	183,229 <sup>(3)</sup>	183,229
	2012	Nil	Nil	94,500 <sup>(2)</sup>	Nil	Nil	Nil	135,000 <sup>(3)</sup>	229,500

NEO Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Robert Kramer <sup>(4)</sup> <sup>(5)</sup> <sup>(8)</sup> former CEO and Chairman; former CFO and Secretary	2014	Nil	Nil	109,305 <sup>(10)</sup>	Nil	Nil	Nil	424,355 <sup>(4)</sup>	533,600
	2013	Nil	Nil	Nil	Nil	Nil	Nil	180,000 <sup>(4)</sup>	180,000
	2012	Nil	Nil	94,500 <sup>(2)</sup>	Nil	Nil	Nil	135,000 <sup>(4)</sup>	229,500
Richard Barnett <sup>(4)</sup> CFO and Secretary	2014	Nil	Nil	9,849 <sup>(10)</sup>	Nil	Nil	Nil	24,000 <sup>(7)</sup>	33,849
	2013	Nil	Nil	Nil	Nil	Nil	Nil	24,000 <sup>(7)</sup>	24,000
	2012	Nil	Nil	13,000 <sup>(6)</sup>	Nil	Nil	Nil	7,500 <sup>(7)</sup>	20,500
Mark Billings <sup>(9)</sup> CEO	2014	Nil	Nil	27,326 <sup>(10)</sup> <sup>(11)</sup>	Nil	Nil	Nil	41,790 <sup>(12)</sup>	69,116

- (1) Greg Hahn was appointed President and CEO of the Company on March 10, 2011, when Basil Pantages, who was President and CEO of the Company from February 26, 2009, resigned. Mr. Pantages subsequently resigned as a director of the Company on July 7, 2011.
- (2) Options to purchase 350,000 shares were granted to each of Messrs. Hahn and Kramer on January 6, 2012, exercisable at \$0.105 per share on or before January 5, 2017 (no vesting provisions), and options to purchase 500,000 shares were granted to each of Messrs. Hahn and Kramer on September 25, 2012, exercisable at \$0.27 per share on or before September 24, 2017 (no vesting provisions). The weighted average grant date fair values of the options granted during the year were estimated based on the following weighted average assumptions: share price at grant date of \$0.16; exercise price of \$0.21; expected life of 3.60 years; expected volatility of 111.9%; risk free interest rate of 1.21% and expected dividend yield rate of 0%.
- (3) During the year ended 2014, \$180,497 was paid (2013 - \$183,229; 2012 - \$135,000) as consulting fees to a private company controlled by Mr. Hahn.
- (4) Robert Kramer was appointed Secretary and CFO of the Company on August 31, 2011, when Richard Barnett, who was Secretary and CFO from February 26, 2009, resigned. Subsequently on September 11, 2012, Richard Barnett was reappointed as CFO and Secretary, taking the place of Robert Kramer who resigned from those positions. Mr. Kramer subsequently passed away in May 2014. During the year ended 2014 - \$424,355 was paid (2013 - \$180,000; 2012 - \$135,000) as consulting fees to a private company controlled by Robert Kramer. Of the 424,355 paid or accrued in fiscal 2014, \$360,000 was to his Estate as set out in his Consulting Agreement that was SEDAR filed on November 21, 2012.
- (5) On September 11, 2012, Robert Kramer resigned as CFO and Secretary and was appointed as CEO and Chairman; Greg Hahn resigned as CEO and was appointed as COO and Vice-Chairman; and Richard Barnett was re-appointed as CFO and Secretary.
- (6) An option to purchase 100,000 shares was granted to Mr. Barnett on September 25, 2012, exercisable at \$0.27 per share on or before September 24, 2017 (vesting 50% on date of grant and 50% Sept.25/13). The weighted average grant date fair values of the options granted during the year were estimated based on the following weighted average assumptions: share price at grant date of \$0.16; exercise price of \$0.21; expected life of 3.60 years; expected volatility of 111.9%; risk free interest rate of 1.21% and expected dividend yield rate of 0%.
- (7) In the year ended 2013 \$24,000 was paid (2012- \$7,500, 2011 - \$40,000) as consulting fees to a private company controlled by Mr. Barnett.
- (8) Subsequent to the year ended December 31, 2014, on May 9, 2014 Greg Hahn was appointed interim CEO, due to the unfortunate passing away of Robert Kramer, and accordingly Mr. Kramer's positions as CEO, Chairman and a director terminated on that date. Mr. Hahn further resigned as Vice-Chairman on May 9, 2014.
- (9) Mark Billings was appointed CEO on November 13, 2014, taking the place of Greg Hahn who resigned from that position on that date.
- (10) Options to purchase 1,000,000 shares each were granted on March 14, 2014 to each of Greg Hahn and Robert Kramer (no vesting), 250,000 to Mark Billings (no vesting), and 100,000 to Richard Barnett (vesting 50% on the date of grant and 50% on March 14, 2015), all being exercisable at \$0.13 per share on or before March 13, 2019. The weighted average grant date fair values of the options granted during the year were estimated based on the following weighted average assumptions:

share price at grant date of \$0.12; exercise price of \$0.13; expected life of 5.05 years; expected volatility of 152%; risk free interest rate of 1.59% and expected dividend yield rate of 0%.

- (11) As at the year ended December 31, 2014, in addition to 250,000 options noted in (10) above, Mark Billings held an option to purchase 100,000 shares that was granted on January 6, 2012, exercisable at \$0.105 on or before January 5, 2017 (no vesting), and an option to purchase 150,000 shares that was granted on September 25, 2012, exercisable at \$0.27 on or before September 24, 2017 (no vesting).
- (12) During the year ended December 31, 2014, \$41,790 was paid as a consulting fee to a private company controlled by Mr. Billings. Subsequent to his Consulting Contract dated November 13, 2014, Mr. Billings agreed to a consulting fee rate of \$7,500 per month for both of November and December 2014, and confirmed that there would be no accrual required as at the year ended December 31, 2014.

## Narrative Discussion

Please refer to the heading “Termination and Change of Control Benefits” herein for a discussion of the NEO’s consulting agreements.

## Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Named Executive Officers.

<i>Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options (#)</i>	<i>Option Exercise Price (\$)</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)</i>	<i>Number of Shares Or Units Of Shares That Have Not Vested (#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</i>
Greg Hahn <sup>(2) (3)</sup> President and COO, former CEO	250,000 350,000 500,000 1,000,000	0.15 0.105 0.27 0.13	Mar.9/16 Jan.5/17 Sept.24/17 Mar.13/19	Nil 7,000 Nil Nil	N/A	N/A
Robert Kramer <sup>(2)</sup> former CEO and Chairman	200,000 <sup>(3)</sup> 350,000 <sup>(3)</sup> 500,000 <sup>(3)</sup> 1,000,000 <sup>(3)</sup>	0.22 0.105 0.27 0.13	July 6/16 Jan.5/17 Sept.24/17 Mar.13/19	Nil 7,000 Nil Nil	N/A	N/A
Richard Barnett CFO and Secretary	100,000 100,000	0.27 0.13	Sept.24/17 Mar.13/19	Nil Nil	N/A	N/A
Mark Billings <sup>(4)</sup> , CEO	100,000 150,000 250,000	0.105 0.27 0.13	2,000 Nil Nil	Nil	N/A	N/A

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year ended December 31, 2014, which was \$0.125, and the exercise or base price of the option.
- (2) On May 9, 2014 Greg Hahn was appointed interim CEO, due to the unfortunate passing away of Robert Kramer, and accordingly Mr. Kramer’s positions as CEO, Chairman and a director terminated on that date. Mr. Hahn further resigned as Vice-Chairman on May 9, 2014. Subsequent to the year ended December 31, 2014, all outstanding stock options held by Mr. Kramer expired on May 9, 2015.
- (3) Subsequent to the year ended December 31, 2014, on May 9, 2015 all options outstanding to Robert Kramer were terminated.

- (4) Mark Billings was appointed CEO of the Company on November 13, 2014, taking the place of Greg Hahn who resigned on that date from that position.

### Value Vested or Earned During the Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Named Executive Officers are as follows:

<i>NEO Name</i>	<i>Option-Based Awards - Value Vested During The Year <sup>(1)</sup></i> (\$)	<i>Share-Based Awards - Value Vested During The Year <sup>(2)</sup></i> (\$)	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year</i> (\$)
Greg Hahn <sup>(3)(4)</sup> President and COO	Nil	N/A	N/A
Robert Kramer <sup>(3)(4)</sup> former CEO and Chairman	Nil	N/A	N/A
Richard Barnett, CFO and Secretary	Nil	N/A	N/A
Mark Billings <sup>(5)</sup> CEO	Nil	N/A	N/A

- (1) This amount is the dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date, computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) This amount is the dollar value realized upon vesting of share-based awards, computed by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.
- (3) On May 9, 2014 Greg Hahn was appointed interim CEO, due to the unfortunate passing away of Robert Kramer, and accordingly Mr. Kramer's positions as CEO, Chairman and a director terminated on that date. Mr. Hahn further resigned as Vice-Chairman on May 9, 2014.
- (4) Subsequent to the year ended December 31, 2014, on May 9, 2015, all options held by Robert Kramer were terminated.
- (5) Mark Billings was appointed CEO of the Company on November 13, 2014, taking the place of Greg Hahn who resigned on that date from that position.

### Pension Plan Benefits

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

### Termination and Change of Control Benefits

On October 30, 2012, the Company entered into consulting agreements ("Consulting Agreements") with Harrison Kramer Corporation (for the services of Robert Kramer, the CEO and chairman) and Greg Hahn Consulting LLC (for the services of Greg Hahn, the President, COO and vice-chairman) (together, the "Consultants"). The agreements each have the following material terms: effective date October 1, 2012; fees for services \$15,000 per month; performance milestone payments ("PMP") representing one-half of one percent of the proceeds of disposition ("Disposition") of the Company or its assets in excess of \$25 million; termination ("Termination") by the Company at any time upon payment of 24 months' fees plus any PMP which would have been payable had the Consultant not been terminated for a period of 12

months after the date of such termination (the "Termination Fee"); termination by the Consultant at any time by providing three months' notice; if either Kramer or Hahn die during the term of the Agreement, the Company will pay the surviving spouse or the estate of the deceased, as the case may be, an amount equal to the Termination Fee; and in the event of a change of control ("Change of Control"), the Company will pay the Termination Fee plus 12 months' fees.

Under the Consulting Agreements, a Disposition means (i) a sale of the majority of the issued and outstanding voting securities of the Company; or (ii) a sale of all or substantially all of the assets of the Company; or (iii) a merger or other business combination which results in a Change of Control.

Change of Control means the occurrence of any of the following events:

- (i) if any individual, partnership, company, corporation, society or other legal entity, alone or together with any other person with whom it is acting jointly or in concert, becomes the beneficial owner of, or acquires the power to exercise control or direction over, directly or indirectly, the majority of the issued and outstanding voting securities of the Company, and such persons did not at the date hereof own or otherwise exercise control over fifty percent (50%) or more of the votes exercisable by holders of voting stock, nor have the rights of conversion which, if exercised, would permit such persons to own or control such a percentage of votes;
- (ii) the Company sells or otherwise transfers all or substantially all of its assets; or
- (iii) during any period of two consecutive years, individuals who at the beginning of any such period constitute the directors of the Company cease for any reason to constitute at least a majority thereof; and
- (iv) references to the Company shall include successors to the Company as a result of any amalgamation, merger, consolidation or reorganization of the Company into or with another body corporate or other legal person.

The Consulting Agreements may be terminated as follows, which is the definition of Termination herein:

- (i) by the Company immediately by providing to the Consultant written notice of immediate termination if the Consultant fails to remedy any deficiency or default in providing the services under the Consulting Agreements after having been given notice of the deficiency or default and a reasonable opportunity to remedy the deficiency or default; or
- (ii) by the Company at any time, without further obligation, by providing the Consultant with payments equal to (a) the value of 24 months' fees, and (b) any PMP which would have been payable had the Consultant not been terminated for a period of 12 months after the date of such termination; or
- (iii) by the Consultant, at any time, by providing the Company with three months' written notice.

During the last completed financial year, the sum of \$180,497 was paid to a private company controlled by Greg Hahn, and \$64,355 was paid to a private company controlled by Robert Kramer for performing management functions on behalf of the Company. \$360,000 was accrued or paid to the Estate of Robert Kramer following his death in May 2014, as set out in his Consulting Agreement that was SEDAR filed on November 21, 2012.

At current consulting fee levels, if a change of control occurred followed by a trigger event, and all Named Executive Officers exercised their rights under the Consulting Agreements, they would be entitled to Change of Control payments aggregating up to \$1,423,250, or \$703,500 and \$719,750 per Named Executive Officer.

Other than pursuant to the Consulting Agreements, there is no compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive any payment from the Company or its subsidiaries in the event of (a) the resignation, retirement or any other termination of the officer's consulting services to the Company or its subsidiaries; (b) a change of control of the Company or any of its subsidiaries; or (c) a change in the officer's responsibilities following a Change of Control.

The following table sets out estimates of the incremental amounts payable to each Named Executive Officer upon identified termination events, assuming each such event took place on the last business day of fiscal year 2014. The table below assumes the exercise of all unexercised options (both vested and unvested) on December 31, 2014.

	<b>Robert Kramer</b> (\$)	<b>Greg Hahn</b> (\$)
<b>Termination Without Cause / Constructive Dismissal</b>		
Base Fee / Termination Payment	360,000	360,000
Benefits and Perks	Nil	Nil
Long-Term Incentives <sup>(1)</sup>	7,000	7,000
Pension Benefits	Nil	Nil
Performance Milestone Payments <sup>(2)</sup>	Nil	Nil
<b>Triggering Event Following a Change of Control</b>		
Base Fee / Termination Payment	360,000	360,000
Benefits and Perks	Nil	Nil
Long-Term Incentives <sup>(1)</sup>	7,000	7,000
Pension Benefits	Nil	Nil
Performance Milestone Payments <sup>(2)</sup>	125,000	125,000

(1) Assumes the exercise of all vested "in-the-money" options on December 31, 2014. The closing price of the Company's shares on the Exchange on December 31, 2014 was \$0.125 per share.

(2) Assumes proceeds on disposition of \$50,000,000 on December 31, 2014 ( $\$50,000,000 - \$25,000,000 = \$25,000,000 \times 0.005 = \$125,000$ ).

### Director Compensation

The following table sets forth all amounts of compensation provided to the directors, who are each not also a Named Executive Officer, for the Company's most recently completed financial year:

<i>Director Name</i> <sup>(1)</sup>	<i>Fees Earned</i> (\$)	<i>Share-Based Awards</i> (\$)	<i>Option-Based Awards</i> (\$)	<i>Non-Equity Incentive Plan Compensation</i> (\$)	<i>Pension Value</i> (\$)	<i>All Other Compensation</i> (\$)	<i>Total</i> (\$)
Mike Stark	34,000 <sup>(2)</sup>	N/A	40,989	N/A	N/A	Nil	70,989
W. Pierce Carson <sup>(3)</sup>	Nil	N/A	Nil	N/A	N/A	Nil	Nil



<i>Director Name</i> <sup>(1)</sup>	<i>Fees Earned</i> ( <i>\$</i> )	<i>Share-Based Awards</i> ( <i>\$</i> )	<i>Option-Based Awards</i> ( <i>\$</i> )	<i>Non-Equity Incentive Plan Compensation</i> ( <i>\$</i> )	<i>Pension Value</i> ( <i>\$</i> )	<i>All Other Compensation</i> ( <i>\$</i> )	<i>Total</i> ( <i>\$</i> )
Jason Reid <sup>(4)</sup>	Nil	N/A	24,984	N/A	N/A	Nil	24,984
Michael Pesner <sup>(5)</sup>	Nil	N/A	Nil	N/A	N/A	Nil	Nil

- (1) Relevant disclosure has been provided in the *Summary Compensation Table* above, for directors who receive compensation for their services as a director who is also Named Executive Officers (if any).
- (2) Paid during year ended December 31, 2014 for consulting fees relating to the search for a new CEO.
- (3) W. Pierce Carson resigned as a director of the Company on November 21, 2013, and his options were terminated February 21, 2014.
- (4) Jason Reid was a director of the Company from April 11, 2014 until his resignation on November 21, 2014. All options held by him were terminated on February 21 2015 subsequent to the year ended December 31, 2014.
- (5) Michael Pesner was appointed as a director of the Company on December 17, 2014.

The Company has a stock option plan for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

Other than as aforesaid and the reimbursement of expenses incurred as directors, there were no other arrangements, standard or otherwise, pursuant to which directors of the Company were compensated by the Company for their services in their capacity as directors or for committee participation, involvement in special assignments or for services as consultants or experts during the financial year ended December 31, 2014.

### **Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards**

The following table sets forth information concerning all awards outstanding under incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the directors who are not Named Executive Officers:

<i>Director Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options</i> ( <i>#</i> )	<i>Option Exercise Price</i> ( <i>\$</i> )	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options</i> <sup>(1)</sup> ( <i>\$</i> )	<i>Number of Shares Or Units Of Shares That Have Not Vested</i> ( <i>#</i> )	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested</i> ( <i>\$</i> )
Mike Stark	250,000	0.27	Sept.24/17	Nil	N/A	N/A
	375,000	0.13	Mar.13/19	Nil		
W. Pierce Carson <sup>(2)</sup>	200,000	0.22	July 6/16	Nil	N/A	N/A
	100,000	0.105	Jan.5/17	2,000		
	150,000	0.27	Sept.24/17	Nil		
Jason Reid <sup>(3)</sup>	250,000	0.13	Apr.14/19	Nil	N/A	N/A

<i>Director Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options (#)</i>	<i>Option Exercise Price (\$)</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)</i>	<i>Number of Shares Or Units Of Shares That Have Not Vested (#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</i>
Michael Pesner <sup>(4)</sup>	Nil	N/A	N/A	N/A	N/A	N/A

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was \$0.125, and the exercise or base price of the option.
- (2) Pierce Carson resigned as a director of the Company on November 21, 2013, and all of his options subsequently were terminated February 21, 2014.
- (3) Jason Reid was a director of the Company from April 11, 2014 until his resignation on November 21, 2014. All options held by him were terminated on February 21 2015 subsequent to the year ended December 31, 2014.
- (4) Michael Pesner was appointed as a director of the Company on December 17, 2014.

#### **Incentive Plan Awards - Value Vested or Earned During the Year**

The value vested or earned during the most recently completed financial year of incentive plan awards granted to directors who are not Named Executive Officers are as follows:

<i>Director Name</i>	<i>Option-Based Awards - Value Vested During The Year <sup>(1)</sup> (\$)</i>	<i>Share-Based Awards - Value Vested During The Year <sup>(2)</sup> (\$)</i>	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)</i>
Mike Stark	Nil	N/A	N/A
W. Pierce Carson <sup>(3)</sup>	Nil	N/A	N/A
Jason Reid <sup>(4)</sup>	Nil	N/A	N/A
Michael Pesner <sup>(5)</sup>	Nil	N/A	N/A

- (1) This amount is the dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date, computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) This amount is the dollar value realized upon vesting of share-based awards, computed by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.
- (3) Pierce Carson resigned as a director of the Company on November 21, 2013, and all of his options subsequently were terminated February 21, 2014.
- (4) Jason Reid was a director of the Company from April 11, 2014 until his resignation on November 21, 2014. All options held by him were terminated on February 21 2015 subsequent to the year ended December 31, 2014.
- (5) Michael Pesner was appointed as a director of the Company on December 17, 2014.

## Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights</i> <i>(a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights</i> <i>(b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i> <i>(c)</i>
Equity compensation plans approved by securityholders	8,925,000	\$0.17	4,006,510 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	8,925,000	\$0.17	4,006,510 <sup>(1)</sup>

(1) Calculation based on 10% of issued and outstanding share capital as at year ended December 31, 2014 (being 129,315,095 common shares) less 8,925,000 options outstanding as at the fiscal year end.

### Material Terms of 10% Rolling Stock Option Plan

The Company has in place a 10% Rolling Stock Option Plan (the "Plan"), which was ratified and approved by shareholders at the Annual General Meeting held November 21, 2014 and approved by the TSX Venture Exchange on January 7, 2015.

Under the Plan, options are exercisable over periods of up to 10 years as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Company's shares on the trading day immediately preceding the day on which the Company announces the grant of options (or, if the grant is not announced, the closing market price prevailing on the day that the option is granted), less the applicable discount, if any, permitted by the policies of the Exchange and approved by the Board of Directors. Pursuant to the Plan, the Board of Directors may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The maximum number of common shares which may be issued pursuant to options previously granted and those granted under the Plan will be 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed (without disinterested shareholder approval) 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. The Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion.

The Plan also contains the following provisions:

1. If a change of control (as defined in the Plan) occurs, or if the Company is subject to a take-over bid, all shares subject to stock options shall immediately become vested and may thereupon be

exercised in whole or in part by the option holder. The Board may also accelerate the expiry date of outstanding stock options in connection with a take-over bid.

2. The Plan contains adjustment provisions with respect to outstanding options in cases of share reorganizations, special distributions and other corporation reorganizations including an arrangement or other transaction under which the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company or securities of another company.
3. On the death or disability of an option holder, all vested options will expire at the earlier of 365 days after the date of death or disability and the expiry date of such options. Where an optionee is terminated for cause, any outstanding options (whether vested or unvested) are cancelled as of the date of termination. If an optionee retires or voluntarily resigns or is otherwise terminated by the Company other than for cause, then all vested options held by such optionee will expire at the earlier of (i) the expiry date of such options and (ii) the date which is 90 days (30 days if the optionee was engaged in investor relations activities) after the optionee ceases its office, employment or engagement with the Company.
4. If pursuant to the operation of an adjustment provision of the Plan, an optionee receives options (the "New Options") to purchase securities of another company (the "New Company") in respect of the optionee's options under the Plan (the "Subject Options"), the New Options shall expire on the earlier of: (i) the expiry date of the Subject Options; (ii) if the optionee does not become an eligible person in respect of the New Company, the date that the Subject Options expire pursuant to the applicable provisions of the Plan relating to expiration of options in cases of death, disability or termination of employment discussed in the preceding paragraph above (the "Termination Provisions"); (iii) if the optionee becomes an eligible person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company's stock option plan that correspond to the Termination Provisions; and (iv) the date that is two (2) years after the optionee ceases to be an eligible person in respect of the New Company or such shorter period as determined by the Board of Directors.
5. In accordance with good corporate governance practices and as recommended by National Policy 51-201 *Disclosure Standards*, the Company imposes black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the board of directors. In order to ensure that holders of outstanding stock options are not prejudiced by the imposition of such black-out periods, any outstanding stock options with an expiry date occurring during a management imposed black-out period or within five days thereafter will be automatically extended to a date that is 10 trading days following the end of the black-out period.

Refer to "Particulars of Other Matters to be Acted Upon – Approval and Ratification of 10% Rolling Stock Option Plan" herein.

#### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

As at November 24, 2015, there was no indebtedness outstanding of any current or former Director, executive officer or employee of the Company or any of its subsidiaries which is owing to the Company or any of its subsidiaries or to another entity which is 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, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year 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,

in relation to a securities purchase program or other program.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No 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, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and the approval of the stock option plan.

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

No informed person or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or any of its subsidiaries.

### **APPOINTMENT OF AUDITORS**

Manning Elliot LLP, Chartered Accountants, of 11th Floor, 1050 West Pender Street, Vancouver, B.C., V6E 3S7 is the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Manning Elliot LLP as the auditors of the Company to hold office for the ensuing year at remuneration to be fixed by the directors.

Manning Elliot LLP, Chartered Accountants, were first appointed as auditors on April 9, 2010.

### **MANAGEMENT CONTRACTS**

No management functions of the Company or subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company.

### **CORPORATE GOVERNANCE DISCLOSURE**

Corporate governance relates to the activities of the Board of Directors, 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 of Directors and who are charged with the day-to-day management of the Company. The Board of Directors is committed to sound corporate governance practices, which are both in the interest of shareholders and contribute to effective and efficient decision making.

National Policy 58-201 establishes corporate governance guidelines which 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. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### **Independence of Members of Board**

The Company's Board consists of six (6) directors, four (4) of whom are considered independent based upon the tests for independence set forth in NI 52-110. Mike Stark, Dean McDonald, Michael Pesner and Frank Högel (the "Independent Directors") are considered independent. Greg Hahn, President and COO, and Mark Billings, CEO of the Company, are not considered independent.

### **Management Supervision by Board**

The size of the Company is such that all the Company's operations are conducted by a small management team. The Board considers that management is effectively supervised by the Independent Directors on an informal basis as the Independent Directors are involved in reviewing and supervising the operations of the Company and have full access to management.

### **Participation of Directors in Other Reporting Issuers**

The participation of the directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

### **Orientation and Continuing Education**

The Company does not have formal orientation and training programs and does not consider these programs necessary at this stage of the Company's development. Board members have full access to the Company's records.

### **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to shareholders. The Company's reputation for integrity is an important asset. The Company has always set high standards of personal and business integrity for its employees, and intends to continue to conduct its business in accordance with those high standards. The Company obeys the law wherever it operates. It is expected that the Company's business conduct and the personal actions of its employees reflect the spirit and intent of the laws under which the Company operates and its employees live. The Company's employees are encouraged to act so that others will view the Company and its employees as having the very highest standards of integrity. Ultimately there is no way to assure proper behaviour, except through the actions of each employee. No set rules of conduct will apply to every possible situation. Common sense and judgment supported by a deeply ingrained tradition of integrity provides the Company's foundation.

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia), as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

### **Nomination of Directors**

The Board as a whole has responsibility for identifying potential Board candidates. See also "Assessments" below.

### **Compensation of Directors and the CEO**

The Compensation Committee, being Mike Stark, Dean McDonald and Michael Pesner have the responsibility for recommending to the Board director and senior management compensation. All three Compensation Committee members have direct experience that is relevant to his responsibilities in executive compensation acquired from working as senior executives and/or directors of other publicly traded companies in the junior natural resource sector.

The purpose of the Compensation Committee is to, inter alia, make recommendations to the Board regarding executive compensation (including long-term incentive in the form of stock options) to be paid to the Company's executive officers having regard to the responsibilities and risks associated with each position.

The quantity and quality of Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director of the Company. The basic philosophy underlying executive compensation is that the interests of the Company's executive officers should be aligned as closely as possible with the interests of the Company and its shareholders as a whole. The compensation that the Company pays to its executive officers consists of cash, stock options and performance milestone payments. The Company does not have a pension plan or a benefits plan for its executive officers. The Company places a greater emphasis on equity incentive and performance milestone compensation than it does on cash compensation. This is consistent with the Company's basic philosophy that the Company's best interests are served by having its executives benefit in the same way as shareholders. It also reflects the Company's stage of development and its priority allocation of its limited financial resources to the development of the Company's business. Further information regarding director compensation appears under the heading "Executive Compensation" herein.

## **Board Committees**

The Company has an Audit Committee and a Compensation Committee at this time. The Board has determined that additional committees are not necessary at this stage of the Company's development.

## **Assessments**

The Board does not consider that formal assessments would be useful at this stage of the Company's development.

The Board intends annually, and at such other times as it deems appropriate, to review the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board intends to conduct informal surveys of its directors, and receive reports from each committee respecting its own effectiveness. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

## **Expectations of Management**

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.

## **AUDIT COMMITTEE**

### **The Audit Committee's Charter**

#### *Mandate*

The primary function of the audit committee (the "**Committee**") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

#### *Composition*

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.



At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

#### *Meetings*

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

#### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

#### Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

#### External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

#### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

*Other*

Review any related-party transactions.

**Composition of the Audit Committee**

The following are the members of the Committee:

Mike Stark	Independent ①	Financially literate ①
Michael Pesner	Independent①	Financially literate ①
Mark Billings	Not Independent ①	Financially literate ①

① As defined by National Instrument 52-110.

All members of the Audit Committee are financially literate, and have a working familiarity with basic finance and accounting practices. For the purposes of the Company's Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

**Relevant Education and Experience**

*Mike Stark:* Mr. Stark presently serves as a director and audit committee member for another publicly traded company.

*Michael Pesner:* Mr. Pesner is a Chartered Professional Accountant (CPA, CA) and has a Bachelor of Commerce from McGill University and a Bachelor of Arts from Concordia University. He is currently the President of Hermitage Canada Finance Inc., a corporation specializing in financial advisory services, including mergers and acquisitions, divestitures and restructuring. As well, Mr. Pesner spent 26 years as a partner at KPMG and predecessor firms.

*Mark Billings:* Mr. Billings presently serves as Chairman of the Board and CEO of the Company, positions he has held since November 2014. From October 2009 to June 2014, he served as CFO and Senior Vice-President of Argex Titanium Inc, a Toronto Stock Exchange listed company that is a near-term producer of titanium dioxide. In this capacity, he was responsible for the financial statements and internal controls and procedures for financial reporting. In addition, he serves on the audit committee of other Exchange listed issuers, and was Chief Financial Officer of other private and public companies where he was responsible for financial reporting and internal controls and procedures. Mr. Billings has an MBA, with a concentration in finance, and is a Chartered Financial Analyst.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the 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.

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors" above.

### **External Auditors' 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:

<i>Financial Year Ended</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
December 31, 2014	\$27,500	Nil	\$2,500	Nil
December 31, 2013	\$27,500	Nil	\$2,500	Nil

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **A. Proposed Consolidation of Share Capital**

#### **General**

The Company's Articles provide that, subject to section 9.2 of the *Business Corporations Act*, the Company may, by directors' resolution or by ordinary resolution, as determined by the directors, arrange for a consolidation of its common shares. Notwithstanding the Board may implement a consolidation without shareholder approval, by resolution approved effective November 23, 2015, the Board of Directors of the Company is requesting shareholders to approve the ordinary resolution set forth in Schedule "A" to this information circular for a consolidation of the Company's issued and outstanding common shares (the "**Consolidation Resolution**").

The directors have not determined a definitive consolidation ratio. However, the directors do not anticipate that a greater than 10:1 consolidation ratio would be required. Accordingly, if the Consolidation Resolution is approved, the Board of Directors will have the authority, in its sole discretion, to implement a consolidation (the "**Consolidation**") of the Company's issued and outstanding common shares on the basis of a maximum of ten (10) pre-Consolidation shares into one post-Consolidation share (the "**Consolidation Ratio**").

Approval of the Consolidation Resolution by shareholders would give the Board of Directors authority to implement the Consolidation at any time prior to December 29, 2016. In addition, notwithstanding approval of the proposed Consolidation by shareholders, the board of directors, in its sole discretion, may revoke the Consolidation Resolution, and abandon the Consolidation without further approval or action by or prior notice to shareholders.

### **Background and Reasons for the Share Consolidation**

The Company's Board of Directors believes that it is in the interest of shareholders of the Company for the Board of Directors to have the authority to implement the Consolidation for the following reasons:

- *Raising the Company's share price to more attractive levels:* A higher share price would return the Company's share price to a level that is typical of share prices of other junior mineral exploration companies listed on the TSX Venture Exchange.
- *Reduction of shareholder transaction costs:* The Company's shareholders may benefit from relatively lower trading costs associated with a higher share price. It is likely that many investors pay commissions based on the number of common shares traded when they buy or sell the Company's common shares. If the share price were higher, investors may pay lower commissions to trade a fixed dollar amount than they would if the Company's share price is lower. This may assist in improving the trading liquidity of the Company's common shares.
- *Increased earnings (loss) per share visibility:* If the Company has fewer shares outstanding, shareholders will have increased visibility to the Company's loss or earnings per share and changes in loss or earnings per share, as smaller changes in the Company's results would be reflected in its per share loss or earnings.

If the Consolidation Resolution is approved, the Consolidation would be implemented, if at all, only upon a determination by the Company's Board of Directors that the Consolidation is in the best interests of the Company and its shareholders at that time. In connection with any determination to implement the Consolidation, the Company's Board of Directors will set the timing for the Consolidation in accordance with applicable regulatory and stock exchange requirements. No further action on the part of shareholders would be required in order for the Board of Directors to implement the Consolidation. If the Company's Board of Directors does not implement the Consolidation before December 29, 2016, the authority granted by the Consolidation Resolution to implement the Consolidation on these terms would lapse and be of no further force or effect. The Consolidation Resolution would also authorize the Board of Directors to elect not to proceed with, and abandon, the Consolidation at any time if it determines, in its sole discretion, to do so. The Board of Directors would exercise this right if it determined that the Consolidation was no longer in the best interests of the Company and its shareholders. No further approval or action by or prior notice to shareholders would be required in order for the Board of Directors to abandon the Consolidation.

### **Certain Risks Associated with the Share Consolidation**

*The Company's total market capitalization immediately after the proposed Consolidation may be lower than immediately before the proposed Consolidation.*

There are numerous factors and contingencies that could affect the Company's share price following the Consolidation, including the status of the market for the common shares at the time, the Company's reported results of operations in future periods, and general economic, geopolitical, stock market and

industry conditions. Accordingly, the market price of the Company's common shares may not be sustainable at the direct arithmetic result of the Consolidation (for example, based on the closing price of the Company's common shares on the TSX Venture Exchange on October 30, 2015 of \$0.045 per share, if the Company's Board of Directors decided to implement the Consolidation, the direct arithmetic result of the Consolidation (at the Consolidation Ratio of one-for-five as an example) would be a post-Consolidation market price of the Company's common shares equal to \$0.225 per share), and may be lower. If the market price of the Company's common shares is lower than it was before the Consolidation, the Company's total market capitalization (the aggregate value of all common shares at the then market price) after the Consolidation may be lower than before the Consolidation.

*A decline in the market price of the Company's common shares after the Consolidation may result in a greater percentage decline than would occur in the absence of a consolidation, and the liquidity of the common shares could be adversely affected following such a consolidation.*

If the Consolidation is implemented and the market price of the Company's common shares declines, the percentage decline may be greater than would occur in the absence of the Consolidation. The market price of the Company's common shares will, however, also be based on the Company's performance and other factors, which are unrelated to the number of common shares outstanding. Furthermore, the liquidity of the Company's common shares could be adversely affected by the reduced number of common shares that would be outstanding after the Consolidation.

*The Consolidation may result in some shareholders owning "odd lots" of less than 100 common shares on a post-Consolidation basis which may be more difficult to sell, or require greater transaction costs per share to sell.*

The Consolidation may result in some shareholders owning "odd lots" of less than 100 common shares of the Company on a post-Consolidation basis. Odd lots may be more difficult to sell, or require greater transaction costs per share to sell, than shares in "board lots" of even multiples of 100 shares.

### **Principal Effects of the Share Consolidation**

If approved and implemented, the Consolidation will occur simultaneously for all of the Company's common shares and the Consolidation Ratio will be the same for all of such shares. The Consolidation will affect all shareholders uniformly and will not affect any shareholder's percentage ownership interest in the Company, except to the extent that the Consolidation would otherwise result in any shareholder owning a fractional share. See "Effect on Fractional Shareholders". In addition, the Consolidation will not affect any shareholder's proportionate voting rights (subject to the treatment of fractional shares). Each common share outstanding after the Consolidation will be entitled to one vote and will be fully paid and non-assessable.

The principal effects of the Consolidation will be that:

- the number of common shares of the Company issued and outstanding will be reduced (assuming for example a 10:1 Consolidation Ratio) from 133,199,721 shares (as of November 24, 2015) to 13,319,972 shares.
- the exercise price and the number of common shares of the Company issuable under any of the Company's outstanding common share purchase warrants, stock options and any other similar securities, will be proportionately adjusted upon the Consolidation based on the Consolidation Ratio; and

- the number of common shares reserved for issuance under the Company's Equity Incentive Plan will be reduced proportionately based on the Consolidation Ratio.

### **Effect on Fractional Shareholders**

No fractional shares will be issued if, as a result of the Consolidation, a registered shareholder would otherwise become entitled to a fractional share. Instead, any fractional share interest of 0.50 or higher arising from the Consolidation will be rounded up to one whole common share, and any fractional share interest of 0.49 or lower will be cancelled. For example, a registered shareholder holding 105 pre-Consolidation shares would receive 11 post-Consolidation shares (assuming for example a 10:1 Consolidation Ratio); a registered shareholder holding 102 pre-Consolidation shares would receive 10 post-Consolidation shares.

If you do not hold sufficient pre-Consolidation common shares of the Company to receive at least one post-Consolidation common share and you want to hold common shares after the Consolidation, you may do so by taking either of the following actions far enough in advance so that it is completed before the Consolidation is implemented:

(1) purchase a sufficient number of common shares so that you hold at least an amount of common shares in your account prior to the implementation of the Consolidation that would entitle you to receive at least one common share on a post-Consolidation basis; or

(2) if applicable, consolidate your accounts so that you hold at least an amount of common shares in one account prior to the Consolidation that would entitle you to at least one common share on a post-Consolidation basis. Common shares held in registered form (that is, shares held by you in your own name on the Company's share register maintained by its transfer agent) and common shares held in "street name" (that is, shares held by you through a bank, broker or other nominee) for the same investor will be considered held in separate accounts and will not be aggregated when implementing the Consolidation. Also, common shares held in registered form, but in separate accounts, by the same investor will not be aggregated when implementing the Consolidation.

### **Effect on Non-registered Shareholders**

Non-registered shareholders holding their common shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those that will be put in place by the Company for registered shareholders. If you hold your shares with such a bank, broker or other nominee and if you have questions in this regard, you are encouraged to contact your nominee.

### **Effect on Convertible Securities and Stock Options**

The exercise price and/or the number of common shares of the Company issuable under any outstanding common share purchase warrants, stock options and any other similar securities, will be proportionately adjusted upon the implementation of the Consolidation, in accordance with the terms of such securities, based on the Consolidation Ratio.

### **Effect on Share Certificates**

If the proposed Consolidation is approved by shareholders and implemented by the Company's board of directors, registered shareholders will be required to exchange their share certificates representing pre-

Consolidation common shares for new share certificates representing post-Consolidation common shares. Following the announcement by the Company of the effective date of the Consolidation, registered shareholders will be sent a transmittal letter from the Company's transfer agent, Computershare Investor Services Inc., as soon as practicable after the effective date of the Consolidation. The letter of transmittal will contain instructions on how to surrender your certificate(s) representing your pre-Consolidation shares to the transfer agent. The transfer agent will forward to each registered shareholder who has sent the required documents a new share certificate representing the number of post-Consolidation common shares to which the shareholder is entitled. Until surrendered, each share certificate representing pre-Consolidation common shares of the Company will be deemed for all purposes to represent the number of whole post-Consolidation common shares to which the holder is entitled as a result of the Consolidation.

**SHAREHOLDERS SHOULD NOT DESTROY ANY SHARE CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY SHARE CERTIFICATE(S) UNTIL REQUESTED TO DO SO.**

### **Procedure for Implementing the Consolidation**

If the Consolidation Resolution is approved by shareholders and the Company's Board of Directors decides to implement the Consolidation, the Company will promptly make the required filing with the TSX Venture Exchange (comprised of customary documentation for a Consolidation). Following receipt of the TSX-V's final acceptance of the Consolidation, the Company will cause letters of transmittal to be mailed to its registered shareholders. Pursuant to TSX-V rules, the Company's common shares would then begin trading on a post-Consolidation basis at the open of business two or three trading days following the date of mailing of the letters of transmittal.

### **No Dissent Rights**

Under the *Business Corporations Act* (British Columbia), shareholders do not have dissent rights with respect to the proposed Consolidation.

### **Vote Required and Recommendation of Board of Directors**

The text of the Consolidation Resolution, which will be submitted to shareholders at the Meeting, is set forth in Schedule "A" to this information circular. **For the reasons indicated above, the Board of Directors and management of the Company believe that the proposed Consolidation is in the best interests of the Company and its shareholders and, accordingly, recommend that shareholders vote FOR the Consolidation Resolution.** The Consolidation Resolution must be approved by a simple majority (over 50%) of the votes cast by the holders of common shares present in person or represented by proxy at the Meeting to be effective. The Consolidation Resolution provides that the Board of Directors of the Company may revoke the Consolidation Resolution before the Consolidation is made effective without the approval of shareholders.

**IF YOU PROPERLY COMPLETE AND RETURN THE ENCLOSED FORM OF PROXY, YOUR SHARES WILL BE VOTED FOR THE CONSOLIDATION RESOLUTION, UNLESS YOU SPECIFICALLY INDICATE OTHERWISE ON THE FORM OF PROXY.**

### **B. Potential Change of Control**

On October 20, 2015 the Company closed the first tranche of a private placement of Convertible Debentures by the issuance of a Convertible Debenture in the principal amount of \$1,500,000 (the



“Debenture”) to Concept Capital Management Ltd. (“CCM”), which Debenture matures October 20, 2016 (the “Maturity Date”). The Debenture is convertible on or before the Maturity Date into 30,000,000 Units of the Company at \$0.05 per Unit, each Unit consisting of one common share and one-half share purchase warrant (the “Warrants”), each whole Warrant entitling CCM to purchase one additional common share at an exercise price of \$0.05 per share on or before April 20, 2017 (for a total of 15,000,000 common shares). Any shares that may be issued on conversion of the Debenture, including any that may be issued on exercise of the Warrants remains subject to a hold period and may not be traded by CCM prior to February 21, 2016.

CCM is a private company located in Majuro, Marshall Islands, controlled by Bernd Hogel. CCM invests in public companies worldwide, with a focus on hybrid instruments such as convertible debentures, bonds and off takes in the precious metal sector.

Assuming full conversion of the Debenture and full exercise of warrants that may be issued, CCM would hold 45,000,000 common shares of the Company, which would represent 25.3% of the 178,199,721 then issued and outstanding shares of the Company, assuming the Company has not issued any further securities. To date, CCM has not converted this Debenture.

CCM has agreed, in an Undertaking to the TSX Venture Exchange, not to convert the Debenture if it would place it in a Control Position in the Company unless the Company has received prior shareholder approval to such change of control.

CCM advised that it did not hold any securities of the Company, and was arm’s-length to the Company prior to the private placement.

A change of control, as defined by TSX Venture Exchange policies, means after giving effect to the contemplated transaction and as a result of such transaction:

- any one person holds a sufficient number of the voting shares of the Company to affect materially the control of the Company; or
- any combination of persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold in total a sufficient number of the voting shares of the Company to affect materially the control of the Company,

where such person or combination of persons did not previously hold a sufficient number of voting shares to affect materially the control of the Company. In the absence of evidence to the contrary, any person or combination of persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the Company, is deemed to materially affect the control of the Company.

Shareholders are requested at the Meeting to consider and, if thought fit, to approve, adopt and ratify the following ordinary resolution (with common shares of the Company held by the CCM and its associates and affiliates being excluded from the calculation):

**"RESOLVED**, as an ordinary resolution that:

- i. the potential conversion of the Debenture by CCM that may result in CCM materially controlling the Company by acquiring 20% or more the voting shares of the Company, be approved and ratified;

- ii. a "change of control", as defined by TSX Venture Exchange policies, of the Company to CCM, be approved and ratified;
- iii. any director or officer of the Company is authorized to execute and file such documents and take such further action, that may be necessary in connection with the foregoing resolutions; and
- iv. the board of directors is hereby authorized, in its sole discretion to effect such resolution as and when the board sees fit, subject to receipt of all necessary regulatory approvals."

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval of the ordinary resolution.**

### **C. Approval and Ratification of Stock Option Plan**

The Board of Directors of the Company implemented a stock option plan (the "Plan"), which was last approved by the Exchange on January 7, 2015 and the shareholders of the Company on November 21, 2014.

The number of common shares which may be issued pursuant to options previously granted and those granted under the Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities nor is a consultant. Under Exchange policy, all such rolling stock option plans which set the number of common shares issuable under the Plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis.

Therefore, at the Meeting, shareholders will be asked to pass a resolution in the following form:

"UPON MOTION IT WAS RESOLVED that the Company approve and ratify, subject to regulatory approval, the Plan pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of the grant, with a maximum of 5% of the Company's issued and outstanding shares being reserved to any one person on a yearly basis."

The purpose of the Plan is to allow the Company to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to ten years as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the Exchange. Pursuant to the Plan, the Board of Directors may from time to time authorize the issue of options to directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion. The Plan provides that if a change of control, as defined therein, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

The full text of the Plan is available for viewing up to the date of the Meeting at the Company's offices at Suite 303, 595 Howe Street, Vancouver, British Columbia, and will also be available for review at the Meeting.

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval and ratification of the Plan.**

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at Suite 303, 595 Howe Street, Vancouver, British Columbia, V6C 2T5 (Phone: (604) 336-8612 / Fax: (604) 718-2808) to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

#### **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED this 24<sup>th</sup> day of November, 2015.

**APPROVED BY THE BOARD OF DIRECTORS**

**Mark Billings, CEO and Director**

## **SCHEDULE "A"**

### **SHARE CONSOLIDATION RESOLUTION**

RESOLVED, as an ordinary resolution, that:

1. The Company is hereby authorized to consolidate all of the issued and outstanding common shares of the Company on the basis of a maximum of ten (10) pre-consolidation shares into one post-consolidation share (the "Consolidation");
2. In the event that the Consolidation would otherwise result in the issuance of a fractional share, no fractional share shall be issued and any fractional share interest of 0.50 or higher will be rounded up to one whole share and any fractional share interest of 0.49 or lower will be cancelled;
3. The effective date of the Consolidation shall be the date determined by the directors, in their sole discretion, subject to applicable regulatory and stock exchange requirements, provided that, in any event, such date shall be prior to December 29, 2016;
4. Any officer or director of the Company is hereby authorized to execute and deliver all documents and to do all acts and things necessary or desirable to give effect to this ordinary resolution, including, without limitation, the determination of the effective date of the Consolidation and the making of all regulatory and stock exchange filings, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination; and
5. Notwithstanding the foregoing, the directors of the Company are hereby authorized, without further approval of or notice to the shareholders of the Company, to revoke this ordinary resolution at any time before the Consolidation has been made effective.