

**ACME RESOURCES INC.**  
**INFORMATION CIRCULAR**  
**(as at October 31, 2012, unless indicated otherwise)**

**SOLICITATION OF PROXIES**

This Information Circular is provided in connection with the solicitation of proxies by the management of Acme Resources Inc. (the "Company") for use at the annual and special general meeting of the shareholders of the Company to be held on December 5, 2012 (the "Meeting"), at the time and place and for the purposes set out in the accompanying notice of meeting and at any adjournment thereof. The solicitation will be made by mail and may also be supplemented by telephone or other personal contact to be made without special compensation by directors, officers and employees of the Company. The Company will bear the cost of this solicitation. The Company will not reimburse shareholders, nominees or agents for the cost incurred in obtaining from their principals authorization to execute forms of proxy.

**APPOINTMENT AND REVOCATION OF PROXY**

Registered Shareholders

**Registered shareholders may vote their common shares by attending the Meeting in person or by completing the enclosed proxy.** Registered shareholders should deliver their completed proxies to Computershare Investor Services Inc., of 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 (by mail, telephone or internet according to the instructions on the proxy), not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, otherwise the shareholder will not be entitled to vote at the Meeting by proxy.

The persons named in the proxy are directors and officers of the Company and are proxyholders nominated by management. **A shareholder has the right to appoint a person other than the nominees of management named in the enclosed instrument of proxy to represent the shareholder at the Meeting. To exercise this right, a shareholder must insert the name of its nominee in the blank space provided. A person appointed as a proxyholder need not be a shareholder of the Company.**

A registered shareholder may revoke a proxy by:

- (a) signing a proxy with a later date and delivering it at the place and within the time noted above;
- (b) signing and dating a written notice of revocation (in the same manner as the proxy is required to be executed, as set out in the notes to the proxy) and delivering it to the head office of the Company, Suite 910 – 1050 West Pender Street, Vancouver, BC, V6E 3S7, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof,
- (c) attending the Meeting or any adjournment thereof and registering with the scrutineer as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked; or
- (d) in any other manner provided by law.

Beneficial Shareholders

**The information set forth in this section is of significant importance to many shareholders, as many shareholders do not hold their shares in the Company in their own name.** Shareholders holding their shares through banks, trust companies, securities dealers or brokers, trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans or other persons (any one of which is herein referred to as an "Intermediary") or otherwise not in their own name (such shareholders herein referred to as "Beneficial Shareholders") should note that only proxies deposited by shareholders appearing on the records maintained by the Company's transfer agent as registered shareholders will be recognized and allowed to vote at the Meeting. If a shareholder's shares are listed in an account statement provided to the shareholder by a broker, in all likelihood those shares are **not** registered in the shareholder's name and that shareholder is a Beneficial Shareholder. Such shares are most likely registered in the name of the shareholder's broker or an agent of that broker. In the United States, the vast majority of such shares are registered under the name of Cede and Co. as nominee for the Depository Trust Company (which acts as depository for many US brokerage firms and custodian banks), and in Canada the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms. Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the Meeting at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

Regulatory polices require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Beneficial Shareholders have the option of not objecting to their Intermediary disclosing certain ownership information about themselves to the Company (such Beneficial Shareholders are designated as non-objecting beneficial owners, or “NOBOs”) or objecting to their Intermediary disclosing ownership information about themselves to the Company (such Beneficial Shareholders are designated as objecting beneficial owners, or “OBOs”).

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Company has elected to send the notice of meeting, this Information Circular and a request for voting instructions (a “VIF”), instead of a proxy (the notice of Meeting, Information Circular and VIF or proxy are collectively referred to as the “Meeting Materials”) directly to the NOBOs and indirectly through Intermediaries to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to OBOs.

Meeting Materials sent to Beneficial Shareholders are accompanied by a VIF, instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a Beneficial Shareholder is able to instruct the Intermediary (or other registered shareholder) how to vote the Beneficial Shareholder’s shares on the Beneficial Shareholder’s behalf. For this to occur, it is important that the VIF be completed and returned in accordance with the specific instructions noted on the VIF.

The majority of Intermediaries now delegate responsibility for obtaining instructions from Beneficial Shareholders to Broadridge Investor Communication Solutions Inc. (“Broadridge”) in Canada. Broadridge typically prepares a machine-readable VIF, mails these VIFs to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, usually by way of mail, the Internet or telephone. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting by proxies for which Broadridge has solicited voting instructions. A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote shares directly at the Meeting. The VIF must be returned to Broadridge (or instructions respecting the voting of shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the shares voted. If you have any questions respecting the voting of shares held through an Intermediary, please contact that Intermediary for assistance.

In either case, the purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the shares which they beneficially own. **A Beneficial Shareholder receiving a VIF cannot use that form to vote common shares directly at the Meeting – Beneficial Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.** Should a Beneficial Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on their behalf, the Beneficial Shareholder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholder or their nominee the right to attend and vote at the Meeting.

Only registered shareholders have the right to revoke a proxy. A Beneficial Shareholder who wishes to change its vote must, at least seven days before the Meeting, arrange for its Intermediary to revoke its VIF on its behalf.

All references to shareholders in this Information Circular and the accompanying instrument of proxy and notice of Meeting are to registered shareholders unless specifically stated otherwise.

The Meeting Materials are being sent to both registered and non-registered owners of the Company’s shares. If you are a Beneficial Shareholder and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of the Company’s securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF.

## **VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES**

If a shareholder specifies a choice with respect to any matter to be acted upon, the shares represented by proxy will be voted or withheld from voting by the proxy holder in accordance with those instructions on any ballot that may be called for. In the enclosed form of proxy, in the absence of any instructions in the proxy, it is intended that such shares will be voted by the proxyholder, if a nominee of management, in favour of the motions proposed to be made at the meeting as stated under the headings in the notice of meeting accompanying this Information Circular. If any amendments or variations to such matters, or any other matters, are properly brought before the Meeting, the proxyholder, if a nominee of management, will exercise its discretion and vote on such matters in accordance with its best judgment.

The instrument of proxy enclosed, in the absence of any instructions in the proxy, also confers discretionary authority on any proxyholder other than the nominees of management named in the instrument of proxy with respect to the matters identified herein, amendments or variations to those matters, or any other matters which may properly be brought before the Meeting. To enable a proxyholder to exercise its discretionary authority a shareholder must strike out the names of the nominees of

management in the enclosed instrument of proxy and insert the name of its nominee in the space provided, and not specify a choice with respect to the matters to be acted upon. This will enable the proxyholder to exercise its discretion and vote on such matters in accordance with its best judgment.

At the time of printing this Information Circular, management of the Company is not aware that any amendments or variations to existing matters or new matters are to be presented for action at the Meeting.

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

The Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of each of the following persons in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors:

- (a) each 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;
- (b) each proposed nominee for election as a director of the Company; and
- (c) each associate or affiliate of any of the foregoing.

#### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized capital of the Company consists of an unlimited number of common shares. On October 31, 2012 (the "Record Date"), the Company had 10,969,299 common shares outstanding. All common shares in the capital of the Company are of the same class and each carries the right to one vote. Only those shareholders of record on the Record Date are entitled to attend and vote at the Meeting.

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

Name	Number of Shares	Percentage of Issued and Outstanding Shares
Matt Mason	1,260,000	11.49%
Timothy Young	1,498,666	13.66%
Seamus Young	1,233,506 <sup>(1)</sup>	11.25%
William A. Rand	1,260,000 <sup>(2)</sup>	11.49%
Brian Edgar	1,262,248	11.50%

<sup>(1)</sup> Of these, 21,942 common shares are held by T-Bags Management, which is controlled by Mr. Young.

<sup>(2)</sup> Of these, 560,000 common shares are held by 408198 BC Ltd., which is controlled by Mr. Rand.

#### ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected. The shareholders will be asked to pass an ordinary resolution to fix the number of directors of the Company at four (4). The management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, proxies given pursuant to the solicitation by the management of the Company will be voted for the nominees listed in this Information Circular. **Management does not contemplate that any of the nominees will be unable to serve as a director.**

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

<b>Name, jurisdiction of residence and office held</b>	<b>Principal occupation in the last five years</b>	<b>Director since</b>	<b>Number of common shares beneficially owned <sup>(1)</sup></b>
SEAMUS YOUNG <sup>(3)</sup> President, Chief Executive Officer, Director, British Columbia, Canada	Self-employed mining exploration contractor; President and CEO of Golden Harp Resources since 2009; Past President and CEO of Logan Resources Ltd.	May 1991	1,233,506
SHAUN MASKERINE <sup>(2)(3)</sup> Corporate Secretary, Director, British Columbia, Canada	Director and Corporate Secretary of Waratah Coal Inc. from May 2008 to December 2008, Corporate Secretary of Leisure Canada Inc. from 2009 to 2010, Director and Corporate Secretary of WCB Resources Ltd. from 2007 to Present, Director and Vice President of Golden Harp Resources Inc. from 2009 to Present, President, CEO and Director of Abcana Capital from 2011 to Present.	Aug 2009	153,846
SHAUNA HARTMAN <sup>(2)(3)</sup> Director, British Columbia, Canada	Barrister & Solicitor, employed as an associate of Paul Simpson from 2003 to July 2007; employed as associate counsel by S. Paul Simpson Law Corporation (a law firm) from July 2007 to Present	Nov 2009	Nil
TIMOTHY T. BARRY <sup>(2)</sup> Director, British Columbia, Canada	A registered geologist (MAusIMM). Over the past 10 years, has acquired a well rounded resume of experience working as a geologist in Canada, Australia, Mexico, New Zealand, Mongolia and Africa.	Dec 2010	Nil

<sup>(1)</sup> Includes direct and beneficial holdings

<sup>(2)</sup> Members of the audit committee.

<sup>(3)</sup> Members of the Compensation Committee (the “Compensation Committee”)

The above information, including information as to common shares beneficially owned, has been provided by the respective directors individually.

Other than as set out below, no proposed director of the Company

- (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 or chief financial officer of any company (including the Company) that,
- (i) was the subject:
    - (A) of a cease trade order;
    - (B) an order similar to a cease trade order; or
    - (C) an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days,

that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to:
    - (A) a cease trade order;
    - (B) an order similar to a cease trade order; or
    - (C) an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days,

that was issued after the proposed director was acting in the capacity as director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

- (b) is, as at the date of this 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;
- (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; or
- (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 securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### *Interpretation*

“Named executive officer” (“NEO”) means:

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

The NEOs who are the subject of this Compensation Discussion and Analysis are Seamus Young, President and CEO and Abdul Allibhai, CFO.

#### *Compensation Program Objectives*

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

- to attract, retain and motivate talented executives who create and sustain the Company’s continued success;
- to align the interests of the Company’s executives with the interests of the Company’s shareholders; and
- to provide total compensation to executives that is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.

Overall, the executive compensation program aims to design executive compensation packages that meet executive compensation packages for executives with similar talents, qualifications and responsibilities at companies with similar financial, operating and industrial characteristics. However, the Company does not benchmark. The Company is a venture company involved in early stage mineral exploration and development and will not be generating significant revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Company to be appropriate in the evaluation of the performance of the NEOs.

#### *Purpose of the Compensation Program*

The Company’s executive compensation program has been designed to reward executives for reinforcing the Company’s business objectives and values, for achieving the Company’s performance objectives and for their individual performances.

### ***Elements of Compensation Program***

The executive compensation program consists of a combination of base salary, potential performance bonus and stock option incentives.

### ***Purpose of Each Element of the Executive Compensation Program***

The base salary of an NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

In addition to a fixed base salary, each NEO is eligible to receive a performance-based bonus meant to motivate the NEO to achieve short-term goals. The pre-established, quantitative target(s) used to determine performance bonuses are set each fiscal year. Awards under this plan are made by way of cash payments only, which payment are made at the end of the fiscal year.

Stock options are generally awarded to NEOs on an annual basis based on performance measured against set objectives. The granting of stock options upon hire aligns NEOs' rewards with an increase in shareholder value over the long term. The use of stock options encourages and rewards performance by aligning an increase in each NEO's compensation with increases in the Company's performance and in the value of the shareholders' investments.

### ***Determination of the Amount of Each Element of the Executive Compensation Program***

#### ***Compensation Committee***

Compensation of the NEOs of the Company, other than that of the CEO, is reviewed annually by the CEO, who makes recommendations to the Compensation Committee. The Compensation Committee reviews the recommendations of the CEO and makes its own recommendations to the Board of Directors of the Company (the "Board"), which approves the compensation of the NEOs based on the recommendations of the Compensation Committee. Compensation for the CEO is reviewed annually by the Compensation Committee, which then makes recommendations to the Board. The Board approves the base salary of each NEO based on the recommendations of the Compensation Committee.

During the most recently completed financial year, the members of the Compensation Committee were Seamus Young, Shaun Maskerine and Shauna Hartman.

#### ***Base Salary***

The base salary review of each NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary is not evaluated against a formal "peer group". The Compensation Committee relies on the general experience of its members in setting base salary amounts.

#### ***Stock Options***

The Company has established a formal plan (the "Stock Option Plan") under which stock options are granted to directors, officers, employees and consultants as an incentive to serve the Company in attaining its goal of improved shareholder value. The Board, based on recommendations of the Compensation Committee where appropriate, determines which NEOs (and other persons) are entitled to participate in the Company's stock option plan; determines the number of options granted to such individuals; and determines the date on which each option is granted and the corresponding exercise price. For further information regarding the Stock Option Plan refer to "*Particulars of Matters to be Acted On – Stock Option Plan*".

The Board makes these determinations subject to the provisions of the existing Stock Option Plan and, where applicable, the policies of the TSX Venture Exchange.

Previous grants of option-based awards are taken into account when considering new grants.

### ***Link to Overall Compensation Objectives***

Each element of the executive compensation program has been designed to meet one or more objectives of the overall program.

The fixed base salary of each NEO, combined with the granting of stock options, has been designed to provide total compensation which the Board believes is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.

**Summary Compensation Table**

The following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to NEOs by the Company and its subsidiaries for services in all capacities to the Company during the most recently completed financial year:

<i>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>			
Seamus Young, President and CEO	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	\$58,835	Nil	Nil	Nil	Nil	\$58,835
	2010	\$120,000	Nil	Nil	Nil	Nil	Nil	Nil	\$120,000
Abdul Allibhai, CFO	2012	Nil	Nil	Nil	Nil	Nil	Nil	\$3,425	\$3,425
	2011	Nil	Nil	Nil	Nil	Nil	Nil	\$3,175	\$3,175
	2010	Nil	Nil	\$20,970	Nil	Nil	Nil	\$2,925	\$23,895

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

The only equity compensation plan which the Company has in place is its Stock Option Plan. The Stock Option Plan has been established to attract and retain employees, consultants, officers or directors to the Company and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company. The Stock Option Plan is administered by the directors and Compensation Committee of the Company.

As of June 30, 2012, 1,096,930 common shares were reserved to be granted pursuant to the Stock Option Plan, of which 670,000 options to purchase common shares were granted to Named Executive Officers, other officers, and directors of the Company. All options expire on a date not later than five years after the date of grant of such option.

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year to the NEOs of the Company:

<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>
Seamus Young	250,000	\$0.25	Dec 9, 2015	Nil	Nil	N/A
Abdul Allibhai	100,000	\$0.22	Jan 14, 2015	Nil	Nil	Nil

(1) Based on the closing price of the Company's common shares on the TSX Venture Exchange on June 30, 2012, being \$0.105.

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

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the most recently completed financial year:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Seamus Young	Nil	Nil	Nil
Abdul Allibhai	Nil	Nil	Nil

**Pension Plan Benefits – Defined Benefits Plan**

The Company does not have a Defined Benefits Pension Plan.

**Pension Plan Benefits – Defined Contribution**

The Company does not have a Defined Contribution Pension Plan.

**Termination and Change of Control Benefits**

During the most recently completed financial year there were no employment contracts, agreement, plans or arrangements for payments to an NEO, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO’s responsibilities.

**Director Compensation**

*Director Compensation Table*

The following table sets forth information with respect to all amounts of compensation provided to the directors of the Company who were not Named Executive Officers for the most recently completed financial year ended June 30, 2012.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Shaun Maskerine	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Shauna Hartman	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Timothy Barry	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**Share-Based Awards, Options-Based Awards and Non-Equity Incentive Plan Compensation**

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

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the year ended June 30, 2012 to the directors of the Company:



Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Shaun Maskerine	100,000	\$0.22	Jan 14, 2015	Nil	Nil	Nil
Shauna Hartman	50,000 50,000	\$0.22 \$0.25	Jan 14, 2015 Dec 9, 2015	Nil Nil	Nil	Nil
Timothy Barry	100,000	\$0.25	Dec 9, 2015	Nil	Nil	Nil

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

The following table presents information concerning value vested with respect to option-based awards and share-based awards for the directors of the Company during the most recently completed financial year:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Shaun Maskerine	Nil	Nil	Nil
Shauna Hartman	Nil	Nil	Nil
Timothy Barry	Nil	Nil	Nil

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN**

The following table sets out, as of the end of the most recently completed financial year, all required information with respect to compensation plans under which equity securities of the Company are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	670,000	\$0.24	426,930
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	670,000	\$0.24	426,930

## CORPORATE GOVERNANCE

### *Board of Directors*

The Board of Directors presently has four (4) directors, two (2) of whom are independent. The definition of independence used by the Company is that used by the Canadian Securities Administrators, which is set out in section 1.4 of National Instrument 52-110 *Audit Committees* (“NI 52-110”). A director is independent if he has no direct or indirect material relationship to the Company. A “material relationship” is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of the director’s independent judgment. Certain types of relationships are by their very nature considered to be material relationships and are specified in section 1.4 of NI 52-110.

Timothy Barry and Shauna Hartman are considered to be independent directors. Seamus Young and Shaun Maskerine are not considered to be independent as they are officers of the Company.

The Board believes that the principal objective of the Company is to generate economic returns with the goal of maximizing shareholder value, and that this is to be accomplished by the Board through its stewardship of the Company. In fulfilling its stewardship function, the Board’s responsibilities will include strategic planning, appointing and overseeing management, succession planning, risk identification and management, environmental oversight, communications with other parties and overseeing financial and corporate issues. Directors are involved in the supervision of management.

Pursuant to the *Business Corporations Act* (British Columbia), directors must declare any interest in a material contract or transaction or a proposed material contract or transaction. Further, the independent members of the Board of Directors meet independently of management members when warranted. The Board meets on a regular basis consistent with the state of the Company’s affairs and also from time to time as deemed necessary to enable to fulfill its responsibilities.

### *Other Directorships*

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

<b>Current Director / Nominee</b>	<b>Other Directorships of other Reporting Issuers</b>
Seamus Young	Prospector Consolidated Resources Inc., Golden Harp Resources Inc.
Shaun Maskerine	WCB Resources Ltd., Golden Harp Resources Inc., Abcana Capital Inc.
Shauna Hartman	Abcana Capital Inc.
Timothy Barry	Silver Bull Resources Inc.

### *Orientation and Continuing Education*

The Company provides continuing education to directors by way of management presentations to ensure that their knowledge and understanding of the Company’s business remains current. The Company’s financial and legal advisers are also available to the Company’s directors.

### *Ethical Business Conduct*

The Company has adopted a Code of Business Conduct and Ethics (the “Code”) which is intended to document the principles of conduct and ethics to be followed by the Company’s directors, officers and employees. The purpose of the Code is to

- Promote integrity and deter wrongdoing
- Promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.
- Promote avoidance of absence of conflicts of interest.
- Promote full, fair, accurate, timely and understandable disclosure in public communications made by the Company.
- Promote compliance with applicable governmental laws, rules and regulations.
- Promote and provide a mechanism for the prompt, internal reporting of departures from the Code.

- Promote accountability for adherence to the Code.
- Provide guidance to the Company’s directors, officers and employees to help them recognize and deal with ethical issues.
- To help foster a culture of integrity, honesty and accountability throughout the Company.

A copy of the Code is available from the Company’s offices. In the Board’s regular meetings, the Board considers the Company’s operations and business activities in light of the Code. 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.

#### ***Nomination of Directors***

The Company does not have a formal process or committee for proposing new nominees for election to the Board of Directors. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members.

#### ***Compensation***

The Board has established a Compensation Committee which is responsible for reviewing the adequacy and form of compensation paid to the Company’s executives and key employees, and ensuring that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling its responsibilities, the Compensation Committee evaluates the performance of the chief executive officer and other senior management in light of corporate goals and objectives, and makes recommendations with respect to compensation levels based on such evaluations.

#### ***Other Board Committees***

The Board has not established any committees other than the Audit and Compensation Committees.

#### ***Assessments***

There is no formal committee with the responsibility for assessing the effectiveness of the Board of Directors as whole. The Board as a group regularly reviews its performance and assesses the effectiveness of the Board as a whole.

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS**

#### ***General***

The Audit Committee is a standing committee of the Board, the primary function of which is to assist the Board in fulfilling its financial oversight responsibilities, which will include monitoring the quality and integrity of the Company’s financial statements and the independence and performance of the Company’s external auditor, acting as a liaison between the Board and the Company’s external auditor, reviewing the financial information that will be publicly disclosed and reviewing all audit processes and the systems of internal controls management and the Board have established.

#### ***Audit Committee Charter***

The Board has adopted an Audit Committee Charter, which sets out the Audit Committee’s mandate, organization, powers and responsibilities. The Audit Committee Charter is attached as Schedule “A” to this Information Circular.

#### ***Composition***

As the shares of the Company are listed on the TSX Venture Exchange (the “Exchange”), it is categorized as a venture issuer. As a result, the Company is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) of NI 52-110.

The Audit Committee consists of the following three (3) directors. Also indicated is whether they are ‘independent’ and ‘financially literate’.

Name of Member	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>
Shaun Maskerine	No	Yes
Timothy Barry	Yes	Yes
Shauna Hartman	Yes	Yes

<sup>(1)</sup> A member of the Audit Committee is independent if he has no direct or indirect 'material relationship' with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Company, such as the President, is deemed to have a material relationship with the Company.

<sup>(2)</sup> A member of the Audit Committee is financially literate if he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### ***Relevant Education and Experience***

**Shaun Maskerine** – Mr. Maskerine is currently Vice President and a Director of Golden Harp Resources and a Director and Corporate Secretary of WCB Resources Ltd., both listed on the TSX Venture Exchange. Mr. Maskerine has worked with public companies for over 12 years. He has served on the board of a number of resource and industrial companies and has extensive experience in corporate finance and compliance issues. Mr. Maskerine holds a Bachelor of Commerce from Memorial University in St. John's and a Masters of Resource Management from Simon Fraser University.

**Tim Barry** – Mr. Barry has over 15 years exploration and management experience and currently holds the position of President and CEO for Silver Bull Resources, a public company listed on both the AMEX and TSX. Previously he served as the chief geologist for Dome Ventures Corporation – a junior listed on the TSX as well as holding a position on the board. He has worked as a consulting geologist on projects in Canada, Mexico, Australia, New Zealand, Mongolia and West and Central Africa. Mr. Barry is a registered geologist (MAusIMM) who obtained his BSc in Geology from the University of Otago in New Zealand.

**Shauna Hartman** – Ms. Hartman is solicitor practicing securities law with over 6 years of public companies experiences and has acted as a director and officer of a number of publicly-traded resources companies. She has a thorough understanding of financial statement reporting and filing requirements and regularly oversees the completion of financial statements for inclusion in regulatory filings.

### ***Audit Committee Oversight***

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

### ***Reliance on Certain Exemptions***

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

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

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services, however, as provided for in NI 52-110 the Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries, unless otherwise permitted by NI 52-110.

**External Auditor Service Fees (By Category)**

<b>Financial Year Ending</b>	<b>Audit Fees <sup>(1)</sup></b>	<b>Audit Related Fees <sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees <sup>(4)</sup></b>
June 30, 2012	\$13,200 <sup>(5)</sup>	Nil	\$2,000 <sup>(5)</sup>	Nil
June 30, 2011	\$13,200	Nil	\$2,000	Nil

<sup>(1)</sup> The aggregate fees billed by the Company’s auditor for audit fees.

<sup>(2)</sup> The aggregate fees billed for assurance and related services by the Company’s auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not disclosed in the ‘Audit Fees’ column.

<sup>(3)</sup> The aggregate fees billed for professional services rendered by the Company’s auditor for tax compliance, tax advice and tax planning. These would include the completion of the Company’s annual tax returns.

<sup>(4)</sup> The aggregate fees billed for professional services other than those listed in the other three columns.

<sup>(5)</sup> Estimate provided by the Company’s auditors.

**Exemption**

Pursuant to section 6.1 of NI 52-110, the Company is exempt from the requirements of Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110 because it is a venture issuer.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors or executive officers of the Company or any subsidiary thereof, has more than “routine indebtedness” to the Company or any subsidiary thereof.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Unless otherwise disclosed herein, no informed person or proposed nominee for election as a director, or any associate or affiliate of any of the foregoing, has or has had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the Company’s most recently completed financial year, which has materially affected or will materially affect the Company or any of its subsidiaries, other than as disclosed by the Company during the course of the year or as disclosed herein.

**APPOINTMENT OF AUDITOR**

The Company will move to re-appoint Dale Matheson Carr-Hilton Labonte LLP Chartered Accountants, of Vancouver, British Columbia as auditors of the Company, at a remuneration to be negotiated between the auditors and the Board. The Company initially engaged Dale Matheson Carr-Hilton Labonte LLP on March 28, 2011.

**MANAGEMENT CONTRACTS**

The management functions of the Company is not performed by any other individuals other than the directors or executive officers of the Company.

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**Stock Option Plan**

The Company is required, under the policies of the Exchange, to adopt a stock option plan for the benefit of directors, officers, employees and consultants of the Company and to seek shareholder approval for the Stock Option Plan on an annual basis. A copy of the Stock Option Plan will be available at the Meeting.

Pursuant to the Stock Option Plan, the Company has authorized the reservation of up to 10% of the issued and outstanding common shares of the Company for the grant of options from time to time. As of the date of this Information Circular, the total number of options outstanding is 1,096,930. Of the total, 670,000 are granted to directors and senior officers of the Company.

Under the Stock Option Plan, the Board may from time to time grant to directors, senior officers, employees and consultants of the Company, as the Board shall designate, options to purchase from the Company such number of its common shares as the Board shall designate. Some of the significant terms of the Stock Option Plan are as follows:

1. The Company must obtain disinterested shareholder approval if the Stock Option Plan, together any previous plans, could result at any time in the grant to Insiders (as defined in the Stock Option Plan), within a 12 month period, a number of options exceeding 10% of the issued shares of the Company.
2. The total number of common shares to be reserved for issuance over the previous one year period for any optionee shall not exceed 5% of the issued common shares of the Company at the time of grant and the total number of common shares that may be reserved for issuance over the previous 12 month period for individuals engaged in an investor relations capacity shall not exceed 2% of the issued common shares of the Company at the time of grant. In addition, the total number of common shares to be reserved for issuance over the previous 12 month period for any one consultant, shall not exceed 2% of the issued common shares of the Company at the time of grant.
3. While the Company's common shares are listed on the TSX-V, the purchase price per common share for any option granted under the Stock Option Plan shall not be less than the market price of the Company's common shares less any applicable discount in accordance with the policies of the TSX-V.
4. Options granted must expire not later than a maximum of ten (10) years from the date of the grant.
5. Options will vest at the discretion of the board of directors.
6. All options granted pursuant to the Stock Option Plan shall be non-assignable.

On October 25, 2011, the board approved certain amendments to the Stock Option Plan to reflect the new tax withholding requirement under the Income Tax Act (Canada). Pursuant to the amendments in connection with the exercise of an option by optionee from time to time, as a condition to such exercise (i) the Company shall require such optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding of tax or such other required deductions (the "Applicable Withholding and Deductions") relating to the exercise of such options; or (ii) in the event of that an optionee does not pay the amounts specified in (i), the Company shall be permitted to engage a broker or other agent, at the risk and expense of the optionee, to sell an amount of underlying common shares issuable on the exercise of such option and to apply the cash received on the sale of such underlying common shares as necessary so as to ensure that the Company is in compliance with the Applicable Withholdings and Deductions relating to the exercise of such options. In addition, the Company shall be entitled to withhold from any amount payable to an optionee either under this Stock Option Plan or otherwise, such amount as may be necessary so as to ensure that the Company is in compliance with Applicable Withholdings and Deductions relating to the exercise of such options. Such amendment is permitted to be made by the Board without shareholder approval as they are required to ensure that the Stock Option Plan complies with the applicable regulatory requirements and are of a "housekeeping nature".

Accordingly, the shareholders will be asked at the Meeting to pass an ordinary resolution in the following terms:

"RESOLVED THAT, the Company's Stock Option Plan (the "Stock Option Plan"), as described in the Company's Information Circular dated October 31, 2012, be approved and the Board of Directors of the Company be granted the discretion pursuant to the Stock Option Plan to grant stock options to directors, officers, employees and consultants of the Company, as the Board of Directors of the Company sees fit. Such grants shall be made under the terms of the Stock Option Plan and within the rules and policies of the TSX Venture Exchange which are in effect at the time of granting and the exercise of any options granted pursuant to such authorization is hereby approved."

An ordinary resolution requires the approval of a simple majority (50% plus one vote) of the votes cast by those shareholders of the Company, who, being entitled to, vote in person or by proxy at a general meeting of the Company.

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

**(b) Reduction of Stated Capital and Return of Capital**

***Introduction***

The Company owns 10,000,000 common shares (the "GHR Shares") in the capital of Golden Harp Resources Inc. ("GHR"). The GHR Shares were acquired by the Company in a spin-off of its Copper Hill Property (as more fully described below under "GHR Background"). GHR is a reporting Company the shares of which are listed on the TSX Venture Exchange. The Company is seeking shareholder approval subject to both (i) a resolution of the directors to implement this matter; and (ii) the approval of the Supreme Court of British Columbia (the "Court") to distribute all of the GHR Shares (the "Return of Capital Shares") to

shareholders of the Company *pro rata*, based on the respective numbers of Common Shares held as of the record date for such distribution, as described below.

It is proposed that the distribution of the Return of Capital Shares by the Company will be by way of return of capital (the "Return of Capital"). In order to do so, the Company proposes to reduce its stated capital by an amount equal to the aggregate fair market value of the Return of Capital Shares (the "Reduction of Capital Amount").

Under Section 74 of the *Business Corporations Act* (British Columbia) the Company can reduce its stated capital if it is authorized to do so by an order of the Supreme Court of British Columbia (the "Court"). The Company will seek such approval at the appropriate time.

In the interim, to satisfy the requirements of the TSX Venture Exchange concerning the disposition by the Company of a significant asset of the Company, the shareholders are being asked to consider passing, with or without amendment, an ordinary resolution (the "Stated Capital Reduction Resolution"), the text of which is attached as Schedule "B" to this Management Proxy Circular. The Stated Capital Reduction Resolution authorizes the Company to reduce its stated capital by the Reduction of Capital Amount, consideration for which will be provided by way of distribution of the Return of Capital Shares *pro rata*, based on the respective numbers of Common Shares held, to all shareholders of the Company of record on the close of business on the 7<sup>th</sup> trading day after the day on which the Stated Capital Reduction Resolution is approved by the Supreme Court of British Columbia (the "Return of Capital Record Date").

The Reduction of Capital Amount will be based upon the 10-day weighted average trading price of the GHR Shares on the TSX Venture Exchange for the 10-day period preceding the date of the application to the Court for approval of the Reduction of Stated Capital or upon such other reasonable basis as may be determined by the Court.

It is intended that the Return of Capital will, if implemented by the directors and approved by the Court, occur as soon as practicable following the establishment of the Return of Capital Record Date. As described above, the Return of Capital Shares will be distributed to the shareholders of the Company (as at the Return of Capital Record Date) *pro rata*, based on the respective numbers of Common Shares held by them as at the Return of Capital Record Date.

#### ***GHR Background***

GHR was incorporated in May 2006 as a subsidiary of the Company for the purpose of "spinning -off" to the Company's shareholders its various mineral properties located in the Shining Tree Area in the Abitibi Greenstone Belt of Northeast Ontario (the "Copper Hill Property").

The Return of Capital Shares were issued to the Company on May 31, 2006 when 10,000,000 GHR Shares were issued to the Company in consideration of the transfer by the Company of the Copper Hill Claims at a deemed issue price of \$0.32 per share. GHR completed an initial public offering (the "GHR IPO") in March 2008 and a listing of its shares on the TSX Venture Exchange. As a result of delays in completing the GHR IPO and the global financial crisis, in April 2009 the Company announced that the proposed distribution of the GHR Shares would not be proceeding.

Since April 2009 the directors of the Company have reconsidered the matter and now wishes to again seek shareholder approval to complete the distribution of the GHR Shares, subject to the authority of the directors to determine the date to proceed with the matter, if at all.

#### ***Mechanics of the Return of capital Distribution***

As noted above, it is anticipated that the Return of Capital will occur as soon as practicable following the Return of Capital Record Date through the distribution of the Return of Capital Shares to shareholders of the Company of record as of the Return of Capital Record Date (*pro rata*, based on the respective numbers of Common Shares held).

Shareholders will not be required to pay for any Return of Capital Shares that they receive under the Return of Capital nor will they be required to surrender or exchange Common Shares in order to receive Return of Capital Shares or to take any other action in connection with such distribution.

No fractional Return of Capital Shares will be distributed under the Return of Capital and no consideration will be paid in lieu thereof. Any fractional Return of Capital Shares that persons would otherwise be entitled to receive will be rounded down to the nearest whole number. The balance of Return of Capital Shares not distributed to shareholders as a result of such rounding down will not be distributed under the Return of Capital and will continue to be held by the Company.

Notwithstanding approval by the shareholders of the Return of Capital, the directors of the Company may determine not to proceed with the reduction of its stated capital.

### ***Certain Canadian Federal Income Tax Considerations***

The following summary describes the principal Canadian federal income tax considerations generally applicable to shareholders who receive Return of Stated Capital Shares in connection with the Return of Capital by the Company and who, for the purposes of the *Income Tax Act* (Canada) (the “Tax Act”), are individuals resident in Canada, deal at arm’s length with the Company and hold their Common Shares as capital property.

This summary is based on the current provisions of the Tax Act and an understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency (“CRA”).

Shareholders who receive Return of Stated Capital Shares pursuant to the Return of Capital should generally be considered to have received a dividend only to the extent (if any) that the fair market value of the Return of Capital Shares so received exceeds the amount of the stated capital reduction in respect of the shareholder’s Common Shares. The Corporation does not expect that the distribution of the Return of Capital Shares will result in a shareholder being deemed to receive a dividend. Based on the Canada Revenue Agency’s (“CRA”) administrative policy, shareholders will be considered to have acquired the Return of Capital Shares at a cost equal to their fair market value.

The aggregate fair market value of the Return of Capital Shares received by a shareholder (other than any amount deemed to be a dividend as described above) will be deducted from the shareholder’s adjusted cost base (and paid-up capital) of his or her Common Shares. To the extent that the reduction exceeds the adjusted cost base of a shareholder’s Common Shares as otherwise determined, the holder will be deemed to have realized a capital gain equal to such excess and the adjusted cost base of the shareholder’s Common Shares will be nil.

For these purposes, shareholders will be advised following the Return of Capital Record Date as to the Corporation’s calculation of the fair market value of the Return of Capital Shares distributed to shareholders. Any determination of fair market value by the Corporation is not binding on CRA or any of the shareholders.

**No advance income tax ruling has been sought or obtained from CRA to confirm the tax consequences of the distribution of Return of Stated Capital Shares to shareholders.**

### ***US Shareholder Considerations***

The Company has not sought advice from US legal counsel with respect to the Return of Capital, therefore US resident shareholders should consult their own legal and accounting professionals for advice as to the impact of US law upon the proposed Return of Capital.

### ***Recommendation of the Board***

**The Board unanimously recommends that shareholders vote “FOR” the Stated Capital Reduction Resolution as outlined in Schedule B.**

### **OTHER MATTERS**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the notice of meeting, but if any other matters do arise, the persons named in the proxy intend to vote on any poll, in accordance with their best judgment, exercising discretionary authority with respect to amendments or variations of matters ratified in the notice of meeting and other matters which may properly come before the Meeting or any adjournment.

### **ADDITIONAL INFORMATION**

Additional information on the Company is available on the internet on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company’s financial statements and management discussion and analysis which are available on SEDAR. The audited financial statements for the year ending June 30, 2012 together with the auditor’s report will be presented at the Meeting. You may request copies of the Company’s financial statements and management discussion and analysis by completing the request card included with this Information Circular, in accordance to the instructions therein.

DATED: October 31, 2012

ON BEHALF OF THE BOARD

*“Shaun Maskerine”*

---

Director



**SCHEDULE A  
AUDIT COMMITTEE CHARTER**

**1. MANDATE**

The primary mandate of the audit committee (the “Audit Committee”) of the Board of Directors the Company (the “Board”) is to assist the Board in overseeing the Company’s financial reporting and disclosure. This oversight includes:

- (A) reviewing the financial statements and financial disclosure that is provided to shareholders and disseminated to the public;
- (B) reviewing the systems of internal controls to ensure integrity in the financial reporting of the Company; and
- (C) monitoring the independence and performance of the Company’s external auditors and reporting directly to the Board on the work of the external auditors.

**2. COMPOSITION AND ORGANIZATION OF THE COMMITTEE**

2.1 The Audit Committee must have at least three directors.

2.2 The majority of the Audit Committee members must be independent. A member of the Audit Committee is independent if the member has no direct or indirect material relationship with an issuer. A material relationship means a relationship which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of a member’s independent judgment.<sup>1</sup>

2.3 Every Audit Committee member must be financially literate. Financial literacy 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 reasonably be expected to be raised by the issuer’s financial statements.<sup>2</sup>

2.4 The Board will appoint from themselves the members of the Audit Committee on an annual basis for one year terms. Members may serve for consecutive terms.

2.5 The Board will also appoint a chair of the Audit Committee (the “Chair of the Audit Committee”) for a one year term. The Chair of the Audit Committee may serve as the chair of the committee for any number of consecutive terms.

2.6 A member of the Audit Committee may be removed or replaced at any time by the Board. The Board will fill any vacancies in the Audit Committee by appointment from among members of the Board.

**3. MEETINGS**

3.1 The Audit Committee will meet at least four (4) times per year. Special meetings may be called by the Chair of the Audit Committee as required.

3.2 Quorum for a meeting of the Audit Committee will be two (2) members in attendance.

3.3 Members may attend meetings of the Audit Committee by teleconference, videoconference, or by similar communication equipment by means of which all persons participating in the meeting can communicate with each other.

3.4 The Audit Committee Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to Audit Committee members for members to have a reasonable time to review the materials prior to the meeting.

3.5 Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee. Minutes of each meeting must be distributed to members of the Board, the Chief Executive Officer, the Chief Financial Officer and the external auditor.

**4. RESPONSIBILITIES OF THE COMMITTEE**

4.1 The Audit Committee will perform the following duties:

---

<sup>1</sup> Multilateral Instrument 52-110 *Audit Committees* section 1.4

<sup>2</sup> Multilateral Instrument 52-110 *Audit Committees* section 1.5

### **External Auditor**

- (a) select, evaluate and recommend to the Board, for shareholder approval, the external auditor to examine the Company's accounts, controls and financial statements;
- (b) evaluate, prior to the annual audit by external auditors, the scope and general extent of their review, including their engagement letter, and the compensation to be paid to the external auditors and recommend such payment to the Board;
- (c) obtain written confirmation from the external auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs;
- (d) recommend to the Board, if necessary, the replacement of the external auditor;
- (e) meet at least annually with the external auditors, independent of management, and report to the Board on such meetings;
- (f) pre-approve any non-audit services to be provided to the Company by the external auditor and the fees for those services;

### **Financial Statements and Financial Information**

- (g) review and discuss with management and the external auditor the annual audited financial statements of the Company and recommend their approval by the Board;
- (h) review and discuss with management, the quarterly financial statements and recommend their approval by the Board;
- (i) review and recommend to the Board for approval the financial content of the annual report;
- (j) review the process for the certification of financial statements by the Chief Executive Officer and Chief Financial Officer;
- (k) review the Company's management discussion and analysis, annual and interim earnings or financial disclosure press releases, and audit committee reports before the Company publicly discloses this information;
- (l) review annually with external auditors, the Company's accounting principles and the reasonableness of managements judgments and estimates as applied in its financial reporting;
- (m) review and consider any significant reports and recommendations issued by the external auditor, together with management's response, and the extent to which recommendations made by the external auditors have been implemented;

### **Risk Management, Internal Controls and Information Systems**

- (n) review with the external auditors and with management, the general policies and procedures used by the Company with respect to internal accounting and financial controls;
- (o) review adequacy of security of information, information systems and recovery plans;
- (p) review management plans regarding any changes in accounting practices or policies and the financial impact thereof;
- (q) review with the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements;
- (r) discuss with management and the external auditor correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Company's financial statements or disclosure;
- (s) assisting management to identify the Company's principal business risks;
- (t) review the Company's insurance, including directors' and officers' coverage, and provide recommendations to the Board;

### **Other**

- (u) review Company loans to employees/consultants; and
- (v) conduct special reviews and/or other assignments from time to time as requested by the Board.

## **5. PROCESS FOR HANDLING COMPLAINTS REGARDING FINANCIAL MATTERS**

5.1 The Audit Committee shall establish a procedure for the receipt, retention and follow-up of complaints received by the Company regarding accounting, internal controls, financial reporting, or auditing matters.

5.2 The Audit Committee shall ensure that any procedure for receiving complaints regarding accounting, internal controls, financial reporting, or auditing matters will allow the confidential and anonymous submission of concerns by employees.

## **6. REPORTING**

6.1 The Audit Committee will report to the Board on:

- (a) the external auditor's independence;
- (b) the performance of the external auditor and the Audit Committee's recommendations;
- (c) regarding the reappointment or termination of the external auditor;
- (d) the adequacy of the Company's internal controls and disclosure controls;
- (e) the Audit Committee's review of the annual and interim financial statements;
- (f) the Audit Committee's review of the annual and interim management discussion and analysis;
- (g) the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
- (h) all other material matters dealt with by the Audit Committee.

## **7. AUTHORITY OF THE COMMITTEE**

7.1 The Audit Committee will have the resources and authority appropriate to discharge its duties and responsibilities. The Audit Committee may at any time retain outside financial, legal or other advisors at the expense of the Company without approval of management.

7.2 The external auditor will report directly to the Audit Committee.

## SCHEDULE B

### ORDINARY RESOLUTION OF THE SHAREHOLDERS OF ACME RESOURCES INC. (the "COMPANY")

#### WHEREAS:

- (a) The Company owns 10,000,000 common shares in the capital of Golden Harp Resources Inc. (the "Golden Harp Shares") which Golden Harp Shares were received by the Company as consideration for the transfer of certain mineral claims and leases (the "Copper Hill Property") to Golden Harp;
- (b) the Company proposes to distribute all of the Golden Harp Shares that it owns (the "Return of Capital Shares") to shareholders of the Company *pro rata* based on the respective numbers of Common shares in the capital of the Company held by such shareholders as of the Return of Capital Record Date (hereinafter defined);
- (c) the Reduction of Stated Capital will be an amount equal to the aggregate fair market value of the Return of Capital Shares, (the "Reduction of Capital Amount"), as more fully described in the management proxy circular of the Company dated October 20, 2010;
- (d) in accordance with the requirement of the TSX Venture Exchange, the Company's Shareholders must authorize by Ordinary Resolution the disposition of the Copper Hill Property by way of distribution of the Golden Harp Shares to Shareholders of the Company as a return of Capital, and
- (e) the Business Corporations Act S.B.C. 2002 C.57 provides that the Company may reduce its stated capital if the reduction of stated capital is approved by the Supreme Court of British Columbia; and

#### BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

- (1) Subject to the approval of the Supreme Court of British Columbia (the "Court"), a reduction in the stated capital of the Company by an amount equal to the Reduction of Capital Amount through the distribution of the Return of Capital Shares to shareholders of the Company of record as of the close of business on the 7<sup>th</sup> trading day after the day on which the Stated Capital Reduction is approved by the Court ("Return of Capital Record Date") be authorized and approved;
- (2) any one director or officer of the Company be and is hereby authorized and directed, for and in the name and on behalf of the Company, to execute (whether under the corporate seal of the Company or otherwise) and deliver all such certificates, instruments, waivers, consents, applications, agreements, amendments and other documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to, and to carry out the intent of, the foregoing paragraph of this resolution and the matters contemplated thereby, such determination to be evidenced conclusively by the execution and delivery of any such document or the taking of any such other act or thing by any director or officer of the Company; and
- (3) notwithstanding that this ordinary resolution has been duly passed by the shareholders of the Company, the directors of the Company be and are hereby authorized and empowered to determine the date to implement this resolution, or to revoke this resolution at any time before it is acted upon, and to determine not to proceed with the reduction of its stated capital without further approval of the shareholders of the Company.