

ARROWSTAR RESOURCES LTD.

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INFORMATION CIRCULAR

Solicitation of Proxies

This information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Arrowstar Resources Ltd. (the “**Company**”) for use at the special and annual general meeting of shareholders (the “**Shareholders**”) of the Company (the “**Meeting**”) to be held at the offices of Arrowstar Resources Ltd. located at 880 – 800 West Pender Street, Vancouver, British Columbia, on July 28, 2014, at 10:00 a.m. (Pacific Time) and any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual General and Special Meeting of Shareholders.

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. All costs of this solicitation will be borne by the Company. The Company has made arrangements for intermediaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by those intermediaries and the Company may reimburse the intermediaries for reasonable fees and disbursements incurred by them in so doing.

Notice of the Meeting was provided to the securities commissions in each jurisdiction where the Company is a reporting issuer under applicable securities laws.

In this Information Circular, references to the “**Company**”, “**we**” and “**our**” refer to Arrowstar Resources Ltd.; “**Common Shares**” means common shares in the authorized share structure of the Company; “**Beneficial Shareholders**” means Shareholders who do not hold Common Shares in their own name and “**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that hold securities on behalf of the Beneficial Shareholders.

Date of Information Circular

Information contained in this Information Circular is given as at June 26, 2014, unless otherwise indicated.

GENERAL PROXY INFORMATION

Revocability of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either:

- (a) executing a proxy bearing a later date; or
- (b) executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the shareholder’s authorized attorney in writing, or, if the shareholder is a company, under its corporate seal by an officer or attorney duly authorized, and by depositing the Proxy bearing a later date with Computershare Investor Services Inc., at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the date that precedes any reconvening thereof, or to the chair of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or

- (c) by the registered shareholder personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

Appointment of Proxyholders

A shareholder entitled to vote at the Meeting may, by means of a proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be Shareholders, to attend and act at the Meeting for the shareholder on the shareholder's behalf.

The individuals named in the accompanying form of proxy (the "**Proxy**") are directors and/or officers of the Company (the "**Management Designees**"). **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting other than either of the Management Designees. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

A proxy will not be valid unless the completed, signed and dated form of proxy is delivered to the office of **Computershare Investor Services Inc. at 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax within North America to 1-866-249-7775 and outside North America to (416) 263-9524**, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

Exercise of Discretion

The Management Designees named in the Proxy will vote or withhold from voting the shares represented thereby in accordance with the instructions of the shareholder on any ballot that may be called for. The Proxy will confer discretionary authority on the nominees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the Management Designees will vote the Common Shares represented by the Proxy at their own discretion for the approval of such matter.

As of the date of this Information Circular, management of the Company knows of no amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting, each Management Designee intends to vote thereon in accordance with the Management Designee's best judgment.

Proxy Voting Options

If you are a registered shareholder, you may elect to submit a proxy in order to vote whether or not you are able to attend the Meeting in person. In order to vote by mail, you must complete, date and sign the Proxy and return it to the Company's transfer agent, Computershare Investor Services Inc. at: 9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax within North America to 1-866-249-7775 and outside North America to (416) 263-9524, at any time up to and including 10:00 a.m. (Pacific Standard time) on January 24, 2014.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Beneficial Shareholders should note that only Proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names 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 & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings unless the Beneficial Shareholders have waived the right to receive meeting material. Every intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

If you are a Beneficial Shareholder, the form of proxy supplied to you by your broker (or its agent) is similar to the form of Proxy provided to registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Communications Solutions Canada ("**Broadridge**") in the United States and in Canada. Broadridge mails a voting instruction form in lieu of a proxy provided by the Company. The voting instruction form will name the Management Designees to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided on the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the Internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **If you receive a voting instruction form from Broadridge, you cannot use it to vote Common Shares directly at the Meeting. It must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

Although, as a Beneficial Shareholder, you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker (or agent of your broker), you may attend at the Meeting as proxyholder for your broker and vote the Common Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Common Shares as proxyholder for your broker or have a person designated by you to do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instrument form provided to you and return the same to your broker (or your broker's agent) in accordance with the instructions provided by your broker (or agent), well in advance of the Meeting.

Alternatively, you may request in writing that your broker send you a legal Proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your Common Shares.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than as disclosed herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the “**Board**”) of the Company has fixed June 23, 2014, as the record date (the “**Record Date**”) for determination of persons entitled to receive notice of the Meeting. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

As of the date of this Information Circular, the Company had outstanding 69,844,702 fully paid and non-assessable Common Shares without par value, each carrying the right to one vote. The Company has no other classes of voting securities.

To the knowledge of the directors and senior officers of the Company and from information obtained on the SEDI website at www.sedi.ca, there is no person or company who beneficially owns, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

FINANCIAL STATEMENTS

The audited financial statements of the Company for the year ended December 31, 2013, together with the Auditors' Report thereon, will be presented to the Shareholders at the Meeting.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast in person or by proxy at the Meeting is required to pass the ordinary resolutions described herein. For any special resolutions set out herein, an affirmative vote of at least 2/3rds (66.67%) of the votes cast in favour of the particular special resolution is necessary for the resolution to be approved at the Meeting. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled all such nominees will be declared elected or appointed by acclamation.

Recommendation of the Board

The Board unanimously recommends that Shareholders vote in favour of all resolutions.

ELECTION OF DIRECTORS

The Board currently consists of four directors. Management proposes to fix the number of directors of the Company at four (4) and to nominate the persons listed below for election as directors.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless a director's seat is earlier vacated in accordance with the provisions of the British Columbia *Business Corporations Act* or the Articles of the Company, each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the proxy as nominee to vote the Common Shares represented by proxy for the election of any other person or persons as directors.

The following table sets out the names of the management nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares of the Company which each beneficially owns or over which control or direction is exercised:

Nominee Position with the Company and Jurisdiction of Residence	Director of the Company Since	Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control of Direction is Exercised⁽¹⁾
Phillip Thomas <i>Director, Chief Executive and President</i> Victoria, Australia	Since June 13, 2012	1,333,333 ⁽⁵⁾
Andrew Jarvis ⁽²⁾⁽⁴⁾ <i>Director</i> British Columbia	Since January 6, 2012	100,000
Blaine Bailey ⁽²⁾⁽⁶⁾ <i>Director</i> British Columbia	Since February 5, 2014	698,800
Robert L. Card ⁽²⁾⁽³⁾ <i>Director</i> British Columbia	Since July 21, 2005	2,711,852

Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years unless otherwise indicated.
- (2) Member of the Audit Committee
- (3) Mr. Card holds 1,470,452 Common Shares directly and a further 1,216,400 Common Shares are held indirectly by Sumac Investments Inc. (“**Sumac**”) and 25,000 Common Shares are held by Allison Resources Inc. (“**Allison**”). Mr. Card is principal of Sumac and Allison. Mr. Card also holds options to purchase an aggregate of 1,620,000 Common Shares (options to purchase 800,000 Common Shares at an exercise price of \$0.10 per Common Share and expiring February 17, 2016, options to purchase 570,000 Common Shares at an exercise price of \$0.10 per Common Share and expiring January 3, 2017 and options to purchase 250,000 Common Shares at an exercise price of \$0.10 per Common Share and expiring September 5, 2017).
- (4) Mr. Jarvis holds options to purchase 250,000 Common Shares (200,000 at an exercise price of \$0.10 expiring on January 3, 2017 and options to purchase 50,000 Common Shares at an exercise price of \$0.10 per Common Share expiring September 5, 2017).

- (5) Mr. Thomas holds 500,000 Common Shares in the name of Panopus PLC, a company controlled by Mr. Thomas, and were issued pursuant to a private placement which closed on April 17, 2012. Mr Thomas acquired a further 833,333 shares in a private placement in October 2013. Mr. Thomas holds options to purchase 500,000 Common Shares at an exercise price of \$0.10 expiring on January 3, 2017, 100,000 Common Shares at an exercise price of \$0.10 expiring on September 5, 2017 and 207,853 Common Shares at an exercise price of \$0.05 expiring on October 13, 2013.
- (6) Mr. Bailey holds options to purchase 540,000 Common Shares at an exercise price of \$0.10 (300,000 expiring February 17, 2017, 200,000 on January 3, 2017 and 40,000 on September 26, 2017).

Phillip Thomas, (BSc, MBus, MAIG, MAIMVA) was appointed President, CEO and Chairman of the board in February, 2014 and was previously Vice-President, Exploration, since January 18, 2012. He is a mining industry professional with extensive experience in iron ore with projects in Mexico, Chile and Peru and holds board, executive and senior-level roles. Mr. Thomas is a senior officer of Vallenar Iron Company, Chile (“**Vallenar**”). He has been involved with Vallenar’s magnetite iron ore project since inception in February 2005, when he was the CEO of Melbourne-based, Admiralty Resources NL (“**Admiralty**”), a publicly-listed company on the Australian Stock Exchange (ASX:ADY). From 1999 to 2003, Mr. Thomas ran his own geology and investment banking businesses and worked for clients in a range of mining projects providing exploration, risk, financial modeling and ore reserve services. Prior to that, he worked as a consultant for a major international actuarial consulting firm, and headed up at the director-level, the retail division of a private banking, stockbrokerage and financial advisory group. Mr. Thomas holds a Bachelor of Science Degree in Geology from Australian National University, and a Masters in Business Marketing from Monash University, Australia. He holds a Certificate in Financial Analysis, from the Australian Securities Institute, and is a member of the Australian Institute of Geoscientists (www.aig.gov.au) and is a Certified Mineral Valuer and Member of the Australasian Institute of Mineral Valuers and Appraiser and is on the Board of that organisation responsible for International Accreditation (www.aimva.com.au).

Blaine Bailey, (B.Comm, CPA CGA) is a Director and Chief Financial Officer of the Company. Blaine received his Bachelor of Commerce degree (Honours) from the University of Manitoba in 1977, and qualified for the CGA designation in British Columbia in 1983. Blaine has served in the capacity of accountant for Molson Brewery B.C. Ltd., controller for Nabob Coffee Co. with Head Office in Zurich Switzerland and a management consultant specializing in providing financial and administrative services for medium to small public and private companies. Blaine brings complementary skills to the team in the areas of finance, administration and financial reporting.

Robert L. Card, (B.A. (Econ/Comm)) is a Director of the Company and a Businessman. He was President and Chief Executive Officer of Arrowstar Resources Ltd. from July 21, 2005 and Chairman from June 2007 until February 2014. He has been a Financial Consultant to Sumac Investments Ltd. since 1992 and President since August 1995. He has over 45 years of experience in investing and financial management. Mr. Card has served as an officer and director of numerous junior and start-up companies since 1980. He was an Auditor at the Revenue Department of Canada from 1975 to June 1980. He is a graduate of Simon Fraser University in Burnaby, British Columbia where he received his Bachelor of Arts degree with a major in Economics and Commerce. He has also served on the audit committee of other reporting issuers and has a good understanding of the reporting requirements of public companies.

Andrew Jarvis, (BBA) - is a Director of the Company and a business consultant with over 15 years of business experience including board, executive and senior-level roles, in both public and private corporations. His experience also includes eight years in the mineral exploration industry, as well as corporate management and finance experience. He holds a Bachelor of Business Administration degree from Simon Fraser University, British Columbia, Canada. He has successfully completed the Canadian

Securities Course and an exploration and mining overview course at the British Columbia Institute of Technology.

Other than as provided below, to the knowledge of the Company, no proposed director is, or has, within the 10 years before the date of this Information Circular, been a director, chief executive officer or chief financial officer of any company that,

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

On May 8, 2014, a cease trade order was issued against the Company by the British Columbia Securities Commission (the “BCSC”), pursuant to Section 164 of the *Securities Act* (British Columbia), for failure to file the audited financial statements, MD&A and certifications for the fiscal year ended December 31, 2013. The current directors and officers of the Company were directors and officers of the Company at the time that the cease trade order was issued. The cease trade order remains in effect as of the date of this Information Circular.

Robert L. Card was a director of the Company when it was issued a cease trade order by the BCSC, pursuant to Section 164 of the *Securities Act* (British Columbia) on December 20, 2007 for failure to file a technical report within the required time period. A technical report was required in connection with the Company’s Erdenetsog coal project, located in Altanshiree Soum, Mongolia. In its news release dated October 31, 2007, the Company announced a new current coal mineral resource estimate on its Erdenetsog property. The announcement triggered the requirement to file a technical report within 45 days. The revocation for the cease trade order was lifted on June 4, 2009 and the Common Shares commenced trading on the TSXV on August 12, 2009.

Mr. Card was a director of Promax Energy Inc. (“Promax”) which, on May 6, 2003, applied to the Court of Queen’s Bench of Alberta for an order under the Companies Creditors Arrangement Act that granted Promax protection from proceedings by its creditors for the purposes of facilitating an orderly restructuring of its business, property and financial affairs. Promax is in the process of compromising with its creditors. Mr. Card resigned as director of Promax in April, 2004.

Andrew Jarvis was the Secretary and a Director of Westmont Resources Inc. (“Westmont”) when it was issued a cease trade order by the BCSC, pursuant to the newly-implemented National Instrument 51-509, on June 12, 2009 for failure to file certain documents. Westmont was in a very difficult financial position, barely afloat at a time when the financial markets were in meltdown and crisis, and it did not have adequate funding to handle the financial burden of the additional compliance requirements. Mr. Jarvis resigned from the positions of Secretary and Director on October 13, 2009.

Blaine Bailey was Chief Financial Officer of Qumana Software Inc. (formerly, Thoughtshare Communications Inc.) which was subject to cease trade orders issued by the BCSC and the Alberta Securities Commission (“ASC”) in September and October 2003, respectively, for failing to file financial statements. The required financial statements were subsequently filed and revocation orders from the BCSC and the ASC were issued in August, 2005. Qumana Software Inc. was subject to cease trade orders issued by the BCSC and the ASC in August 2007 and January 2008, respectively, for failing to file financial statements.

Blaine Bailey was Chief Financial Officer of the Company when it was issued a cease trade order by the BCSC, pursuant to Section 164 of the *Securities Act* (British Columbia) on December 20, 2007 for failure to file a technical report within the required time period. A technical report was required in connection

with the Company's Erdenetsog coal project, located in Altanshree Soum, Mongolia. In its news release dated October 31, 2007, the Company announced a new current coal mineral resource estimate on its Erdenetsog property. The announcement triggered the requirement to file a technical report within 45 days. Former director of the Company, Dr. Strauts was appointed a director of the Company on March 14, 2008 while the Company was cease traded. The revocation for the cease trade order was lifted on June 4, 2009 and the Common Shares commenced trading on the TSXV on August 12, 2009.

Penalties and Sanctions

No proposed director of the Company 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

COMPENSATION OF EXECUTIVE OFFICERS

Executive Compensation

In this section "Named Executive Officer" means the Chief Executive Officer (the "CEO"), the Chief Financial Officer (the "CFO") and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose total compensation exceeds \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year end.

Robert L. Card, the Company's former President and CEO, and Blaine Bailey, the Company's Chief Financial Officer, are the "Named Executive Officers" of the Company for the purposes of the following disclosure. There are no other executive officers of the Company whose total compensation exceeded \$150,000 during the financial year ended December 31, 2013.

Compensation Discussion and Analysis

The Board has not considered the implications of the risks associated with the Company's compensation program. In 2014, the Company intends to formalize its compensation policies and practices and will take into consideration the implications of the risks associated with the Company's compensation program and how it might mitigate those risks.

The Board has not appointed a Compensation Committee. The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management, with a view to fulfilling its responsibilities concerning executive and director compensation, reviewing director compensation, overseeing the Company's base compensation structure and equity-based compensation programs, recommending compensation of the Company's officers and employees, and evaluating the performance of officers generally, all in light of the Company's annual goals and objectives.

Mr. Thomas works on the Company's activities on a full-time basis and Mr. Bailey works on the Company's activities on a part-time basis.

Philosophy and Objectives

The compensation program for the Company's senior management is designed to ensure that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining talented, qualified and effective executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company's shareholders.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's share option plan approved by shareholders at the 2013 annual general meeting. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted and competitive factors. The amounts and terms of options granted are determined by the Board.

Given the evolving nature of the Company's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Summary Compensation Table

The compensation paid to the Named Executive Officers during the Company's three most recently completed financial year is as set out below:

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽⁵⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Robert L. Card ⁽¹⁾⁽²⁾⁽⁴⁾ President, Chief Executive Officer & Director	2013	\$72,000	Nil	Nil	Nil	Nil	Nil	Nil	\$72,000
	2012	\$72,000	Nil	\$52,900	Nil	Nil	Nil	100,000 ⁽⁶⁾	\$224,900
	2011	\$51,000	Nil	\$8,000	Nil	Nil	Nil	Nil	\$59,000
Blaine Bailey ⁽³⁾⁽⁴⁾ Chief Financial Officer and Director	2013	\$42,000	Nil	Nil	Nil	Nil	Nil	Nil	\$42,000
	2012	\$42,000	Nil	\$16,232	Nil	Nil	Nil	Nil	\$58,232
	2011	\$28,000	Nil	\$3,000	Nil	Nil	Nil	Nil	\$31,000

- (1) Mr. Card was appointed President and Chief Executive Officer of the Company on July 21, 2005.
- (2) Mr. Card resigned from his positions as President and Chief Executive Officer of the Company on February 3, 2014.
- (3) Mr. Bailey was appointed Chief Financial Officer of the Company on June 21, 2005.
- (4) The amounts in the "Salary" column are administration fees paid to Sumac Investments Inc., a company controlled by Robert Card, and Promaid Services Ltd., a company controlled by Blaine Bailey.
- (5) The Company used the Black-Scholes pricing model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for each calculation: (i) risk free interest rate of between 1 and 1.53%; (ii) expected dividend yield of nil; (iii)

average expected volatility between 89 to 115%; and (iv) an expected term of two to five years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.

- (6) Mr. Card received this amount as payment of a performance bonus.

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

The following tables provide information regarding all share-based and option-based awards outstanding as at December 31, 2013.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (1) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Robert L. Card ⁽²⁾ President, Chief Executive Officer & Director	1,620,000	\$0.10	February 11, 2017 to September 25, 2017	Nil	Nil	Nil	Nil
Blaine Bailey Chief Financial Officer and Director	540,000	\$0.10	February 11, 2017 to September 25, 2017	Nil	Nil	Nil	Nil

Notes:

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at December 31, 2013 (closing price of \$0.025) and the exercise or base price of the option.
- (2) Mr. Card resigned from his positions as President and CEO of the Company on February 3, 2014.

Value vested or earned during the year

There was no value vested or earned under any incentive plan by the NEOs during the year ended December 31, 2013.

Termination of Employment, Change in Responsibilities and Employment Contracts

There are no employment contracts between the Company and the Named Executive Officers except as described under the heading "Management Contracts".

There are no compensatory plans, contracts or arrangements between the Company and any Named Executive Officer, where the Named Executive Officer is entitled to receive more than \$50,000 from the Company, including periodic payments or installments, in the event of:

- (a) the resignation, retirement or any other termination of employment of the Named Executive Officer's employment with the Company;

- (b) a change of control of the Company; or
- (c) a change of the Named Executive Officer's responsibilities following a change in control.

Pension Arrangements

The Company does not have any pension arrangements in place for the Named Executive Officers.

COMPENSATION OF DIRECTORS

For a description of the compensation paid to the company's Named Executive Officer(s) who also act as directors, see "Summary Compensation Table".

Other than as disclosed elsewhere in this Information Circular, no director of the Company who is not a Named Executive Officer has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors except for the granting of stock options; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

Director Compensation Table

The compensation earned by the directors, other than the Named Executive Officers, during the Company's most recently completed financial year is as set out below:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Phillip Thomas	\$30,629	Nil	Nil	Nil	Nil	Nil	\$30,629
Andrew Jarvis	\$12,000	Nil	Nil	Nil	Nil	Nil	\$12,000

Narrative Discussion

Other than amounts already included in the above table, the Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

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 to the Company's directors is to assist the

Company in compensating, attracting, retaining and motivating the directors and to closely align the personal interests of the directors to that of the Company's shareholders.

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

The following tables provide information regarding all share-based and option-based awards to each of the Directors who are not Named Executive Officer outstanding as at December 31, 2013.

Director Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options(1) (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Andrew Jarvis	200,000	\$0.10	Jan. 3, 2017	Nil	Nil	Nil	Nil
	50,000	\$0.10	Sept. 26, 2017	Nil	Nil	Nil	Nil
Phillip Thomas	500,000	\$0.10	Jan. 3, 2017	Nil	Nil	Nil	Nil
	100,000	\$0.10	Sept. 26, 2017	Nil	Nil	Nil	Nil

Notes:

- (1) This amount is calculated based on the difference between the market value of the securities underlying the options at December 31, 2013 (closing price of \$0.025) and the exercise or base price of the option.

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:

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Andrew Jarvis	Nil	Nil	Nil
Phillip Thomas	Nil	Nil	Nil

- (1) Represents the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date based on the difference between the closing market price of the Company's Common Shares on the vesting date and the exercise price of the options held.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan that the Company has in place is a stock option plan (the “**2012 Plan**”). The Plan was established to provide an incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the directors of the Company and it provides that options will be issued pursuant to option agreements with directors, officers, employees or consultants of the Company or a subsidiary of the Company. The Plan provides that the number of Common Shares issuable thereunder, less any Common Shares reserved for issuance under share options granted under established or proposed share compensation agreements, may not exceed 10% of the total number of issued and outstanding Common Shares at the date of grant. Under the Plan, options may expire on a date which is no more than five years after the issuance of such option.

The following table sets forth securities of the Company that are authorized for issuance under equity compensation plans as at the end of the Company’s most recently completed fiscal year:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	5,805,833	\$0.10	1,543,470
Equity compensation plans not approved by securityholders	NA	NA	NA
Total	5,805,833	\$0.10	1,543,470

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee or former director, executive officer or employee of the Company was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the Company. None of the proposed nominees for election as a director of the Company, or any associate of any director, executive officer or proposed nominee, was indebted to the Company as at the date hereof or at any time during the most recently completed financial year of the Company.

The Company has not provided any guarantees, support agreements, letters of credit or other similar arrangement or understanding for any indebtedness of any of the Company’s directors, executive officers, proposed nominees for election as a director, or associates of any of the foregoing individuals as at the date hereof or at any time during the most recently completed financial year of the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An “informed person” means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its shares.

Except as set out below, since the commencement of the Company’s most recently completed financial year, no informed person of the Company, nominee for director or any associate or affiliate of an informed person or nominee, had any material interest, direct or indirect, in any transaction, in any transaction or any proposed transaction which has materially affected or would materially affect the Company.

	2013	2012
Short-term benefits paid or accrued:		
Administration fees paid to Card	\$ 72,000	\$ 172,000
Consulting fees paid to Jarvis, Bailey, and Ashton	60,000	69,000
Deferred exploration costs to Thomas	30,629	118,920
	\$ 156,629	\$ 359,920
Share-based compensation paid to Ashton	22,886	117,995
Total remuneration	\$ 179,515	\$ 477,915

APPOINTMENT OF AUDITOR

Davidson & Company LLP, Chartered Accountants, 1200 – 609 Granville Street, Vancouver, British Columbia, will be nominated at the Meeting for reappointment as auditor of the Company at a remuneration to be fixed by the directors. See "External Auditor Service Fees" under "Audit Committee And Relationship With Auditor".

MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company.

CORPORATE GOVERNANCE

General

National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires issuers to disclose the corporate governance practices that they have adopted according to guidance provided pursuant to National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”).

The Board believes that sound corporate governance practices are essential to the effective, efficient and prudent operation of the Company and for the enhancement of shareholder value. The Canadian Securities Administrators (the “CSA”) have adopted NP 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers. In addition, the CSA have implemented NI 58-101, which prescribes certain disclosure by reporting issuers of its corporate governance practices.

Pursuant to the requirements of NI 58-101, the Company is required to provide disclosure in this Information Circular of its corporate governance practices in accordance with Form 58-101F1, which are as follows.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Company’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

During the fiscal year ended December 31, 2013, the independent members of the Board of Directors of the Company were R. Brian Ashton and Andrew Jarvis. Mr. Ashton resigned from the Board of Directors of the Company on February 5, 2014.

During the most recently completed financial year ended December 31, 2013, there were a minimum of two Board meetings and if a meeting could not be convened, business was conducted by resolution and the unanimous consent of the directors of the Company.

Directorships

Name of Director	Names of Other Reporting Issuers of which the Director is a Director
Robert L. Card	Anglo Canadian Minerals Corp.
Phillip Thomas	None
Andrew Jarvis	None
Blaine Bailey	None

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company’s properties and on director responsibilities.

Board meetings may also include presentations by the Company’s management and employees to give the directors additional insight into the Company’s business. In addition, management of the Company makes itself available for discussions with all Board members.

Ethical Business Conduct

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.

Nomination of Directors

The Board does not have a nominating committee. Functions that would be carried out by a nominating committee are currently performed by the Board as a whole with input from management.

Upon nomination of a director, the Board and management of the Company consider the size of the Company, its history and its future goals and objectives when deciding the number of directors to recommend for election at the annual general meeting of shareholders. Further, also taken into account is the number of Board members that would be required to effectively carry out the duties and responsibilities of the Board while maintaining a diversity of views and experience. However, if there is a change in the number of directors required to effect the smooth operations of the Company, this policy will be reviewed.

Other Board Committees

Subsequent to fiscal year ended December 31, 2013, the Board has no Committees other than the Audit Committee.

Assessments

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

Nomination and Assessment

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President and Chief Executive Officer. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

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. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 of the Canadian Securities Administrators (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee (the “**Audit Committee**”) and its relationship with its independent auditors, as set forth in the following.

Charter

The audit committee has a charter. A copy of the audit committee charter was filed on SEDAR at www.sedar.com on January 25, 2006, as Schedule “A” to the 2006 information circular.

Composition of the Audit Committee

During the fiscal year ended December 31, 2013 the following directors were the members of the Audit Committee:

<i>Members</i>	<i>Independent⁽¹⁾</i>	<i>Financially Literate⁽¹⁾</i>
Robert L. Card	No	Yes
Andrew Jarvis	Yes	Yes

Brian Ashton	Yes	Yes
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(1) As defined by MI 52-110.

Relevant Education and Experience

See disclosure under “Occupation, Business or Employment of Nominees”.

Each member of the Audit Committee has:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably expected to be raised by the issuer’s financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

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

Pre-Approval Policies and Procedures

See audit committee charter for specific policies and procedures for the engagement of non-audit services.

Reliance on Certain Exemptions

The Company’s auditor, Davidson & Company LLP, has not provided any material non-audit services.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by the Company’s auditors to the Company to ensure auditor independence. Fees incurred for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

Nature of Services	Fees Paid to Auditor in Year Ended December 31, 2013	Fees Paid to Auditor in Year Ended December 31, 2012
Audit Fees ⁽¹⁾	\$25,000	\$50,490
Audit-Related Fees ⁽²⁾	\$Nil	\$Nil
Tax Fees ⁽³⁾	\$2,750	\$4,000
All Other Fees ⁽⁴⁾	\$Nil	\$Nil
Total	\$27,750	\$54,490

- (1) “Audit Fees” include fees necessary to perform the annual audit of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also

include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

Exemption in Section 6.1 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).

PARTICULARS OF MATTERS TO BE ACTED UPON

A. APPROVAL OF STOCK OPTION PLAN

Confirmation of Stock Option Plan

The Company received shareholder approval on June 13, 2013 regarding the Company's existing stock option plan (the "**Plan**"), which plan is a “rolling” stock option plan whereby a maximum of 10% of the issued shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of options. The TSX-V requires listed companies that have “rolling” stock option plans in place receive shareholder approval of such plans on a yearly basis at the Company’s Annual General Meeting. Accordingly, Shareholders will be asked at the Meeting to ratify and approve the Plan.

The purpose of the Plan is to provide certain directors, officers and key employees of, and other key persons who provide services to the Company and its subsidiaries with an opportunity to purchase Common Shares of the Company and benefit from any appreciation in the value of the Company’s Common Shares. This incentive will provide a golden opportunity for these individuals to contribute to the future success and prosperity of the Company, thus enhancing the value of the Common Shares for the benefit of all the Shareholders and increasing the ability of the Company and its subsidiaries to attract and retain skilled and motivated individuals in the service of the Company.

As permitted by the policies of the TSX-V, the Plan provides for a floating maximum limit of 10% of the outstanding Common Shares. As at December 31, 2013, the floating maximum available under the Plan represents 6,988,470 Common Shares, of which 5,805,833 are issued and 1,543,470 are reserved and available for issuance under the Plan.

Under the Plan, the option price must not be less than the exercise price permitted by the TSX-V. The current policies of the TSX-V state that the option price must not be less than the closing prices of the Common Shares listed on the TSX-V on the day immediately preceding the date of grant, less the applicable discount permitted by the policies of the TSX-V. An option must be exercised within a period of ten years from the date of grant. Within this ten year period, the Board may determine the limitation period during which an option may be exercised. Any amendment to the Plan requires the approval of the TSX-V and may require disinterested shareholder approval.

The material terms of the Plan are as follows:

1. The term of any options granted under the Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of ten years.
2. The exercise price of any options granted under the Plan will be determined by the Board, in its sole discretion, and shall not be less than the closing market price of the Company's Common Shares the day on which the directors grant such options, less any discount as permitted by the TSX-V.
3. No vesting requirements will apply to options granted under the Plan other than as required by TSX-V policies; however, a four-month hold period will apply to all shares if options are granted at an exercise price which is less than the closing market price, each option is subject to a four-month hold period, commencing from the date of grant.
4. All options will be non-assignable and non-transferable.
5. No more than (i) 5% of the issued Common Shares may be granted to any one individual in any 12-month period, unless disinterested shareholder approval is obtained; and (ii) 2% of the issued Common Shares may be granted to any one consultant, or an employee conducting investor relation activities, in any 12-month period.
6. Disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders, within a 12-month period, exceeding 10% of the Company's issued Common Shares; and (iii) any grant of options to any one individual, within a 12-month period, exceeding 5% of the Company's issued Common Shares.
7. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's Common Shares.
8. Any options granted to any Optionee who is a Director, Employee, Consultant or Management Company Employee must expire within a reasonable period following the date Optionee ceases to be in that role.

The Plan is subject to annual shareholder approval and TSX-V acceptance to its filing. Shareholders will be asked at the Meeting to consider, and if thought fit, approve an ordinary resolution ratifying and approving the Plan.

Shareholder Approval

Shareholders will be asked at the Meeting to approve with or without variation the following resolution:

“BE IT RESOLVED THAT the Company's Stock Option Plan be and is hereby ratified and approved, and that in connection therewith a maximum of 10% of the issued and outstanding common shares at the time of each grant be approved for granting as options and that the board of directors be and are hereby authorized, without further shareholder approval, to make such changes to the Stock Option Plan as may be required or approved by regulatory authorities.”

B. AMENDING SECTION 9.1 OF THE COMPANY'S ARTICLES OF INCORPORATION

Pursuant to Section 9.1 of the Company's Articles of Incorporation, in order to make certain changes to the Company's authorized share structure, the Company must pass an ordinary resolution of its shareholders at a meeting of its shareholders. Since the TSX Venture Exchange changed its policy requiring shareholder approval for a consolidation, the Company wishes to amend the applicable

provisions in its Articles of Incorporation that presently require shareholder approval for a consolidation. Accordingly, at the Meeting, Shareholders of the Company will be asked to consider, and if deemed advisable, to pass a special resolution (the “**Amending Section 9.1 Resolution**”) authorizing the amendment of Section 9.1 of the Articles of Incorporation.

Under the *Business Corporations Act* (British Columbia), an amendment of the Company’s Articles requires a special resolution that must be approved by at least two thirds (2/3) of the votes cast by those shareholders of the Company who, being entitled to do so, vote in person or by proxy at the Meeting.

The Board of Directors unanimously recommends that shareholders of the Company vote for the Amending Section 9.1 Resolution. Common shares of the Company represented by proxies in favour of management will be voted in favour of the Amending Section 9.1 Resolution, unless a shareholder has specified in his or her proxy that his or her common shares are to be voted against the Amending Section 9.1 Resolution.

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. *The introductory phrase of Section 9.1 of the existing Articles of the Company “Subject to Section 9.2, the Company may by ordinary resolution” be deleted and the “Subject to Section 9.2, the Company may by resolution of the board of directors” be inserted in place thereof;*
2. *the alterations made to the Company’s articles shall take effect upon deposit of this resolution at the Company’s records office;*
3. *notwithstanding that this special resolution has been duly passed by the shareholders of the Company, the directors of the Company in their sole discretion, without further notice to or approval of the shareholders of the Company, be and are hereby authorized and empowered to revoke, postpone or abandon this special resolution at any time prior to the amendment of the Articles of the Company; and*
4. *any one director or officer of the Company be, and is hereby, authorized, empowered and instructed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered, all such documents, agreements and instruments and to do or to cause to be done all such other acts and things as such one director or officer of the Company shall determine to be necessary or desirable in order to carry out the intent of the foregoing paragraphs of this resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of such act or thing.*

C. AMENDING THE ARTICLES OF INCORPORATION TO INCORPORATE ADVANCE NOTICE PROVISIONS

The Company proposes to amend its current Articles of Incorporation or, if already adopted at the Meeting, the New Articles of Incorporation to add advance notice provisions (the “**Provisions**”). The Provisions are set out in their entirety in Schedule A to this Information Circular. The Provisions are intended to facilitate an orderly and efficient annual and/or special meeting process, ensure all shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees, and allow shareholders to register an informed vote, having been afforded reasonable time for appropriate deliberation.

Form of Resolution

The full text of the special resolution concerning the adoption of the new Articles of Incorporation to be considered at the Meeting is set forth below. Under the *Business Corporations Act* (British Columbia), a resolution amending the Company’s Articles of Incorporation must be approved by at least two thirds

(2/3), of the votes cast by those shareholders of the Company who, being entitled to do so, vote in person or by proxy at the Meeting.

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. *the existing Articles of the Company be amended such that the advance notice provisions set out in Schedule A to this Information Circular be inserted as Section 14.11; and*
2. *any one director or officer of the Company be, and is hereby, authorized, empowered and instructed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered, all such documents, agreements and instruments and to do or to cause to be done all such other acts and things as such one director or officer of the Company shall determine to be necessary or desirable in order to carry out the intent of the foregoing paragraphs of this resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of such act or thing.*

The Board of Directors unanimously recommends that shareholders of the Company vote for the foregoing amendments to the Company's Articles of Incorporation. Common shares of the Company represented by proxies in favour of management will be voted in favour of the amendment of the Company's Articles of Incorporation, unless a shareholder has specified in his or her proxy that his or her common shares are to be voted against the amendment of the Company's Articles of Incorporation.

D. CONSOLIDATION OF COMMON SHARES

The Company proposes to consolidate (the "**Consolidation**") its issued and outstanding common shares on the basis of up to one new common share without par value for every existing ten (10) common shares without par value or on such other basis or ratio as the board of directors determines. The Consolidation requires approval by way of ordinary resolution of the holders of the Company's common shares, being a resolution passed by not less than 1/2 of the votes of the holders of the Company's common shares represented in person or by proxy at the Meeting. The Consolidation is also subject to acceptance of the TSX Venture Exchange.

Reasons for the Stock Consolidation

The Board of Directors believe that it may be in the best interests of the Company to reduce the number of outstanding common shares by way of the Consolidation to allow the Company to raise additional capital at a higher price per share.

The appropriateness of carrying out the Consolidation, and the most advantageous time for carrying out a share consolidation, will be dependent upon a number of factors, including market conditions and any future financing considerations.

The Consolidation will constitute an amendment to the Company's Articles of Incorporation and, accordingly, the holders of the Company's common shares will be asked to consider and, if deemed appropriate, approve an ordinary resolution substantially in the following form:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. *the Articles of the Company are amended such that all of the Company's common shares, both issued and unissued, be consolidated into up to 1/10 of that number of common shares, every ten (10) of such shares before consolidation being consolidated into one common share;*

2. the directors and officers of the Company be and they are hereby authorized, empowered and directed to take any and all such actions as in their discretion they deem necessary or expedient to effectuate the purpose of the foregoing resolutions with the Registrar of Companies and the TSX Venture Exchange in order to effect the consolidation; and

3. the board of directors be and are hereby authorized to determine such other ratio of consolidation as they deem appropriate and may amend these resolutions accordingly and to implement, in its discretion, any of these resolutions or delay or abandon all or any of the actions contemplated by the foregoing resolutions."

The Board of Directors intends to implement the Consolidation only if it believes that this action would be in the best interests of the Company. If the Consolidation is approved by the shareholders, the Board of Directors will have the discretion to implement either of the following consolidation ratios: (i) one post-consolidation share for every ten pre-consolidation shares, or (ii) such lesser ratio as the Board of Directors deems appropriate, or (iii) to affect no Consolidation at all. If the shareholders approve the Consolidation, the stock consolidation would be affected if at all, only upon a determination by the Board of Directors of the Company that the Consolidation (and the ratio selected) is in the best interests of the Company and its shareholders at that time. No further action on the part of the shareholders will be required to either affect or abandon the Consolidation.

Even though a stock consolidation, by itself, does not impact a Company's assets or prospects, stock consolidations can result in a decrease in the aggregate market value of a Company's equity capital. The Board of Directors, however, believes that under certain circumstances this risk may be offset by the prospect that the stock consolidation would make an investment in the Company's common shares more attractive for certain investors.

Effect of the Stock Consolidation

The principal effect of the Consolidation will be that the number of shares of common stock issued and outstanding will be reduced from 69,884,702 as of the date hereof to approximately 6,988,470 shares (if consolidated on a one post-consolidation shares for every ten pre-consolidation shares basis), depending on the number of fractional shares that are rounded up or rounded down on conversion.

The Consolidation will not affect any shareholder's proportionate equity interest in the Company or the rights, preferences privileges or priorities of any shareholder. However, because the number of authorized shares of the Company's common shares will not be reduced, the Consolidation will increase the Company's Board of Director's ability to issue authorized and unissued shares without further shareholder action. The implementation of the Consolidation would not affect the total shareholder's equity of the Company or any components of shareholders' equity as reflected on the Company financial statements except: (1) to change the number of issued and outstanding common shares, and (2) to change the stated capital of the common shares to reflect the Consolidation. In connection with the Consolidation, proportionate adjustments to the per share exercise or conversion price and the number of shares obtainable upon exercise of outstanding stock options and warrants would be made. The number of shares issuable under the Company's current stock option plan would also be reduced proportionately based on the Consolidation ratio. No fractional shares will be issued in connection with the Consolidation. If as a result of the Consolidation, the holder becomes entitled to a fractional share, such fraction will be rounded to the nearest whole number.

Effect on Convertible Securities, Stock Options and Other Arrangements

The exercise or conversion price and/or the number of common shares of the Company issuable under any outstanding convertible securities, including the Company's 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 selected by the Company's Board of Directors.

Effecting the Stock Consolidation

The proposed Consolidation would become effective at the effective time specified by the Board of Directors in a board resolution adopted by it authorizing the implementation of the Consolidation. Management of the Company will publicly announce the effective date of any Consolidation. The Consolidation is subject to acceptance by the TSX Venture Exchange.

Certain Risks Associated with the Stock Consolidation

There are certain risks associated with a stock consolidation, some of which are as follows:

- The Company's total market capitalization immediately after the proposed Consolidation may be lower than immediately before the proposed 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.
- The Consolidation may result in some shareholders owning "odd lots" of less than 100 common shares on a post share consolidation basis which may be more difficult to sell, or require greater transaction costs per share to sell.
- The issuance of additional shares after the Consolidation may have a greater effect of diluting the interest of shareholders than before the Consolidation.

Potential Anti-Takeover Effect

Although the increased proportion of unissued authorized shares to issued shares could, under certain circumstances, have an anti-takeover effect (for example, by permitting issuances that would dilute the stock ownership of a person seeking to effect a change in the composition of the Company's Board of Directors or contemplating a tender offer or other transaction for the combination of the Company with another company), the share consolidation proposal is not being proposed in response to any effort of which management is aware to accumulate the Company's common shares or obtain control of the Company, nor is it part of a play by management to recommend to the Board of Directors and the shareholders of the Company a series of amendments to the Notice of Articles of the Company. Other than the stock consolidation proposal, the Board of Directors does not currently contemplate recommending the adoption of any other amendments to the Company's Notice of Articles that could be construed to affect the ability of third parties to take over or change the control of the Company.

Accounting Matters

The stock consolidation will not affect the par value of the Company's common shares. As a result, as of the effective time of the stock consolidation, the stated capital attributable to the Company's common shares on its balance sheet will be reduced proportionately based on the stock consolidation ratio and the additional paid-in capital account will be credited with the amount by which the stated capital is reduced. The per-share net income or loss and net book value of the common shares of the Company will be restated because there will be fewer shares of the Company's common shares outstanding.

Regulatory Approval

The TSX Venture Exchange has not accepted, conditionally or otherwise, notice of the proposed Consolidation. In order to effect the proposed Consolidation, the Company must satisfy the rules and requirements of the TSX Venture Exchange. The Company may determine not to proceed with the Consolidation or to proceed with the Consolidation on a basis equal to or less than the proposed consolidation ratio of one-for-ten at any time after the Meeting.

Summary

The Company is requesting its shareholders approve the proposed amendment. The affirmative vote of one-half of the votes cast on the resolution is required for approval of this proposal.

Form of Resolution

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

To be approved, the ordinary resolution must be passed by at least one-half of the votes cast by shareholders present in person or represented by proxy who voted in respect of the resolutions at the Meeting.

Other Matters:

Other than as set out herein, management of the Company knows of no matters to come before the meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

Additional Information

Additional information relating to the Company is available through the Company's profile on the SEDAR website at www.sedar.com.

Financial information on the Company is provided in the Company's audited financial statements and management's discussion and analysis of the most recently completed financial year ended December 31, 2013. Copies of the Company's financial statements and management's discussion and analysis may be obtained upon request from the Company to the attention of: Steve Veitch Law Corporation at Suite 407 – 1328 West Pender Street, Vancouver, British Columbia V6E 4T1, telephone: (604) 688-8097, up to the date of the Meeting.

Directors' Approval

The Board of Directors of the Company has approved the contents of this Information Circular and its distribution to each shareholder who is entitled to receive notice of the Meeting.

CERTIFICATION

Where information contained in this Information Circular rests specifically within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

The foregoing contains no untrue statement of material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

Dated at Vancouver, British Columbia, this 26th day of June, 2014.

/s/“*Phillip Thomas*”

Phillip Thomas
President, CEO and director

SCHEDULE “A”

ADVANCE NOTICE PROVISIONS

14.11. Nomination of Directors

Subject only to the Act, only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors of the Company. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders (but only if the election of Directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting), (a) by or at the direction of the Board or an authorized officer of the Company, including pursuant to a notice of meeting, (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act or (c) by any person (a “**Nominating Shareholder**”) (i) who, at the close of business on the date of the giving of the notice provided for below in this paragraph 14.11 of this Article 14 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this paragraph 14.11 of this Article 14:

(A) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given (a) timely notice thereof in proper written form to the Corporate Secretary of the Company at the principal executive offices of the Company in accordance with this paragraph 14.11 of this Article 14 and (b) the representation and agreement with respect to each candidate for nomination as required by, and within the time period specified in, paragraph 14.11(D) of this Article 14.

(B) To be timely under paragraph 14.11 (A) of this Article 14, a Nominating Shareholder’s notice to the Corporate Secretary of the Company must be made (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 40 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the tenth (10th) day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing Directors (whether or not called for other purposes), not later than the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this paragraph (B).

(C) To be in proper written form, a Nominating Shareholder’s notice to the Corporate Secretary of the Company, under paragraph 14.11(A) of this Article 14, must set forth (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a Director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (iv) a statement as to whether such person would be “independent” of the Corporation (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a Director at such meeting and the reasons and basis for such determination and (v) any other information relating to the person that

would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Directors pursuant to the Act and Applicable Securities Laws; and (b) as to the Nominating Shareholder giving the notice, (i) any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Directors pursuant to the Act and Applicable Securities Laws, and (ii) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.

(D) To be eligible to be a candidate for election as a Director of the Company and to be duly nominated, a candidate must be nominated in the manner prescribed in this paragraph 14.11 of this Article 14 and the candidate for nomination, whether nominated by the Board or otherwise, must have previously delivered to the Corporate Secretary of the Company at the principal executive offices of the Company, not less than 5 days prior to the date of the Meeting of Shareholders, a written representation and agreement (in form provided by the Company) that such candidate for nomination, if elected as a Director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to Directors and in effect during such person's term in office as a Director (and, if requested by any candidate for nomination, the Corporate Secretary of the Company shall provide to such candidate for nomination all such policies and guidelines then in effect).

(E) No person shall be eligible for election as a Director of the Company unless nominated in accordance with the provisions of this paragraph 14.11 of this Article 14; provided, however, that nothing in this paragraph 14.11 of this Article 14 shall be deemed to preclude discussion by a shareholder (as distinct from nominating Directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(F) For purposes of this paragraph 14.11 of this Article 14:

- (a) "Affiliate", when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;
- (b) "Applicable Securities Laws" means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the applicable provinces and territories of Canada;
- (c) "Associate", when used to indicate a relationship with a specified person, shall mean (i) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding, (ii) any partner of that person, (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (iv) a spouse of such specified person, (v) any person of either sex with whom such specified person is

living in conjugal relationship outside marriage or (vi) any relative of such specified person or of a person mentioned in clauses (iv) or (v) of this definition if that relative has the same residence as the specified person;

- (d) “Derivatives Contract” shall mean a contract between two parties (the “**Receiving Party**” and the “**Counterparty**”) that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the “**Notional Securities**”), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;
- (e) “Meeting of Shareholders” shall mean such annual shareholders meeting or special shareholders meeting, whether general or not, at which one or more persons are nominated for election to the Board by a Nominating Shareholder;
- (f) “owned beneficially” or “owns beneficially” means, in connection with the ownership of shares in the capital of the Company by a person, (i) any such shares as to which such person or any of such person’s Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (ii) any such shares as to which such person or any of such person’s Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (iii) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty’s Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person’s Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns beneficially pursuant to this clause (iii) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty’s Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty’s Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (iv) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities; and

(g) “public announcement” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company or its agents under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

(G) Notice or any delivery given to the Corporate Secretary of the Company pursuant to this paragraph 14.11 of this Article 14 may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

(H) In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder’s notice as described in paragraph 14.11(B) of this Article 14 or the delivery of a representation and agreement as described in paragraph 14.11(D) of this Article 14.