

## **ROYAL MONASHEE GOLD CORP.**

3979 Willow Street  
Vancouver, British Columbia, V5Z 3R4

### **INFORMATION CIRCULAR**

(as at July 25, 2012 except as otherwise indicated)

### **SOLICITATION OF PROXIES**

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the management of Royal Monashee Gold Corp. (the “**Company**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general meeting of the shareholders of the Company to be held on Wednesday, August 29, 2012 (the “**Meeting**”), at the time and place set out in the accompanying notice of Meeting (the “**Notice of Meeting**”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

### **APPOINTMENT AND REVOCATION OF PROXY**

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.** The completed Proxy should be delivered to Computershare Investor Services Inc. (“**Computershare**”) by 11:00 a.m. (local time in Vancouver, British Columbia) on Monday, August 27, 2012, or 48 hours before (excluding Saturdays, Sundays and holidays) any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

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

### **Provisions Relating to Voting of Proxies**

**The shares represented by proxy in the enclosed form will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.**

## Advice to Beneficial Holders of Common Shares

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name.** Shareholders who hold their common shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their common shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only Proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of common shares will be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those common shares will, in all likelihood, *not* be registered in the shareholder’s name. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Ltd., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such common shares are registered under the name Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that common shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote common shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

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

### **Financial Statements**

The audited financial statements of the Company for the year ended September 30, 2011, together with the auditor's report on those statements and Management Discussion and Analysis, will be presented to the shareholders at the Meeting.

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

As at the date of the accompanying Notice of Meeting, the Company's authorized capital consists of an unlimited number of common shares without par value of which 6,853,700 common shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote.

Shareholders registered as at Wednesday, July 25, 2012, are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no person beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the issued and outstanding common shares of the Company.

### **ELECTION OF DIRECTORS**

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. The management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the management of the Company will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director. The number of directors of the Company is currently set at three.

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

Name, province or state and country of residence and positions, current and former, if any, held in the Company	Principal occupation during the past five years	Served as director of the Company since	Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>
<b>James S. Timms<sup>(2)</sup></b> British Columbia, Canada  <i>Chief Executive Officer,                      President,                      Chief Financial Officer,                      Chairman and Director</i>	Director - Appraisal Division, Maynards Industries Ltd. since 2000.	September 9, 1997	100,000
<b>W. Benjamin Catalano<sup>(2)</sup></b> British Columbia, Canada  <i>Director</i>	Realtor, Sutton Group since 1991.	June 2, 2004	150,000
<b>Martin J.C. Woodward<sup>(2)</sup></b> British Columbia, Canada  <i>Secretary and Director</i>	IT Specialist, employed by Ballard Power Systems Ltd. since 2001.	September 9, 1997 to December 15, 2000 and since June 2, 2004	240,000

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) A member of the Audit Committee.

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

### Corporate Cease Trade Orders or Bankruptcies

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

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Individual Bankruptcies**

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **Penalties or Sanctions**

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

## **EXECUTIVE COMPENSATION**

### **Named Executive Officers**

During the financial year ended September 30, 2011, the Company had one Named Executive Officer, being James S. Timms, Chief Executive Officer, President, Chief Financial Officer and Chairman of the Company.

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

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Compensation Discussion and Analysis**

The compensation payable to the NEOs is determined by the Company’s board of directors (the “**Board**”). The general objectives of the Board’s compensation decisions are:

- to ensure that total compensation paid takes into account the Company’s overall financial position.
- to align management’s interests with the long-term interest of shareholders; and
- to encourage management to achieve a high level of performance and results with a view to increasing long-term shareholder value.

The Company’s compensation program is designed to: (i) reflect the Company’s current state of development; (ii) reflect the Company’s performance; and (iii) provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive’s level of responsibility. In general, a NEOs compensation is comprised of a salary / consulting fees.

### Share-Based and Option-Based Awards

The Company does not currently have a stock option plan in place and has not adopted an equity incentive plan, a non-equity incentive plan or a pension plan. Consequently, the Company has not issued any option-based awards or share-based awards to the Named Executive Officer or to the directors.

### Risk of Compensation Practices and Disclosure

The Board has not formally considered the risks associated with the Company's compensation policies and practices. The Company has attempted to minimize those compensation practices and policies that expose the Company to inappropriate or excessive risks.

### Hedging Policy

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

## SUMMARY COMPENSATION TABLE

### Summary Compensation Table

Set out below is a summary of compensation paid during the Company's most recently completed financial year to the Company's Named Executive Officer.

Summary Compensation Table

Name and principal position	Year	Salary (\$)	All other compensation (\$)	Total compensation (\$)
James S. Timms <i>Chief Executive Officer, President, Chief Financial Officer and Chairman</i>	2011	Nil	Nil	Nil
	2010	Nil	Nil	Nil
	2009	Nil	Nil	Nil

## INCENTIVE PLAN AWARDS

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

The Company does not currently have a stock option plan in place and has not adopted an equity incentive plan. Consequently, the Company has not issued any option-based awards or share-based awards to the Named Executive Officer.

### Incentive Plan Awards – Value Vested or Earned During the Year

The Company has not adopted any incentive plans. Consequently, the Company has not issued any incentive plan awards to the Named Executive Officer.

## PENSION BENEFITS

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

## TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company has not entered into any contract, agreement, plan or arrangement that provides for payments to the 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 the NEOs responsibilities.

## DIRECTOR COMPENSATION

### Director Compensation Table

No compensation was paid to directors in their capacity as directors of the Company, in their capacity as members of a committee of the Board, or as consultants or experts, during the Company's most recently completed financial year.

The Company does not currently have a stock option plan in place and has not adopted an equity incentive plan, a non-equity incentive plan or a pension plan. Consequently, the Company has not issued any option-based awards or share-based awards to the directors.

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

### Director Compensation Table

Name	Fees Earned (\$)	All Other Compensation (\$)	Total (\$)
W. Benjamin Catalano	Nil	Nil	Nil
Martin J.C. Woodward	Nil	Nil	Nil

### Narrative Discussion

No directors' fees are paid.

## INCENTIVE PLAN AWARDS

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

The Company does not currently have a stock option plan in place and has not adopted an equity incentive plan. Consequently, the Company has not issued any option-based awards or share-based awards to the directors of the Company.

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

The Company has not adopted any incentive plans. Consequently, the Company has not issued any incentive plan awards to the directors.

### **EQUITY COMPENSATION PLAN INFORMATION**

The Company has not adopted any equity compensation plans.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

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

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

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

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

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

### **APPOINTMENT OF AUDITOR**

#### **Auditor**

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

### **MANAGEMENT CONTRACTS**

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



## **AUDIT COMMITTEE**

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

### **Audit Committee Charter**

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

### **Composition of Audit Committee and Independence**

National Instrument 52-110 *Audit Committees* ("NI 52-110") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.

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

The Company's current Audit Committee consists of James S. Timms, W. Benjamin Catalano and Martin J.C. Woodward. Mr. Catalano is "independent" and Messrs. Timms and Woodward are not independent as Mr. Timms is also the Chief Executive Officer, President, Chief Financial Officer and Chairman of the Company and Mr. Woodward is the Secretary of the Company.

### **Relevant Education and Experience**

*James S. Timms.* Mr. Timms has been Director - Appraisal Division of Maynards Industries Ltd. since 2000. He is a CGA and has more than 20 years of experience in banking and finance.

*W. Benjamin Catalano.* Mr. Catalano has been a real estate agent with Sutton Group Realty since 1991. In the past he has taken accounting courses, real estate courses and securities related courses. He brings more than 25 years of business experience spanning a number of industries including real estate marketing and development, high tech, biomedical, securities trading/brokerage and mining and natural resources. He has served as a President, CFO, director and audit committee member for several public companies over the last 12 years

*Martin J.C. Woodward.* After a 12 year career with a major Canadian chartered bank, Mr. Woodward attended Capilano College's Technical Computer Professional (TCP) program where he graduated on the Dean's List in 2001. Upon his graduation, Mr. Woodward was employed by Xcellsis Fuel Cell Engine Co., and currently he is employed by Ballard Power Systems Inc. in their IT department. Mr. Woodward has passed the Canadian Securities Course and has over 11 years' experience as a director of public companies.

### Audit Committee Oversight

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

### Reliance on Certain Exemptions

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

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

### Pre-Approval Policies and Procedures

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

### Audit Fees

The following table sets forth the fees paid by the Company to D & H Group LLP, Chartered Accountants, for services rendered in the last two fiscal years:

	<u>2011</u>	<u>2010</u>
	(\$)	(\$)
Audit fees <sup>(1)</sup>	\$6,000	\$7,000
Audit related fees <sup>(2)</sup> .....	Nil	Nil
Tax fees <sup>(3)</sup> .....	Nil	Nil
All other fees <sup>(4)</sup> .....	Nil	Nil
Total	<u>\$6,000</u>	<u>\$7,000</u>

Notes:

- (1) "Audit fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements; fees for review of tax provisions; accounting consultations on matters reflected in the financial statements; and, audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audited related fees" include services that are traditionally performed by the auditor such as 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" includes 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.

## CORPORATE GOVERNANCE DISCLOSURE

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

### **Board of Directors**

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

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

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. The “material relationship” is defined as a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgement. Mr. Catalano is the only current member of the Board that is “independent” within the meaning of NI 52-110 as Mr. Timms is the Chief Executive Officer, President, Chief Financial Officer and Chairman of the Company and Mr. Woodward is the Secretary of the Company.

The Board recommends nominees to the shareholders for election as directors, immediately following each annual general meeting appoints an Audit Committee and appoints the chairperson of the Audit Committee, establishes and periodically reviews and updates the committee mandate, duties and responsibilities of such committee, elects a chairperson of the Board and establishes his duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of both the CEO and the President, appoints the senior officers of the Company and approves the senior management structure of the Company.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia) (the “**BCA**”), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly. The Board will meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the President or CEO, subject to the Articles of the Company.

## **Directorships**

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

- *W. Benjamin Catalano* is a director of African Queen Mines Ltd. and Railtown Capital Corp.
- *Martin J.C. Woodward* is a director of Railtown Capital Corp.

## **Orientation and Continuing Education**

The Board does not have any formal policies with respect to the orientation of new directors nor does it take any measures to provide continuing education for the directors. Previously, the Board determined that the size of the Company and its early stage of development did not warrant having such policies or programs in place.

## **Ethical Business Conduct**

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

## **Nomination of Directors**

The Board has not adopted a formal process to select new nominees to the Board. The current nominees have been recruited by the current Board members, and the recruitment process has involved both formal and informal discussions among Board members and the CEO.

## **Compensation Governance**

The quantity and quality of the Board and CEO compensation is reviewed on an annual basis and determined by the Board as a whole, which allows the independent directors to have input into compensation decisions. At this time, the Company does not believe its size and limited scope of operations requires a formal compensation committee. The Board has not retained any compensation consultant or advisor to assist the Board in determining compensation for any of the Company's directors or executive officers since the beginning of the Company's most recently completed financial year.

## **Other Board Committees**

At the present time, the only standing committee is the Audit Committee.

The written charter of the Audit Committee, as required by NI 52-110, is contained in Schedule "A" to this Circular.

## **Assessments**

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

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

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

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

##### **General Matters**

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

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company's annual audited financial statements as of September 30, 2011, a copy of which, together with Management's Discussion and Analysis thereon, is available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company at (604) 675-2229.

#### **BOARD APPROVAL**

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

DATED at Vancouver, British Columbia, the 25th day of July, 2012.

**ON BEHALF OF THE BOARD OF  
ROYAL MONASHEE GOLD CORP.**

(signed) "*James S. Timms*"

James S. Timms  
President, Chief Executive Officer  
and Chief Financial Officer

## **SCHEDULE “A”**

### **ROYAL MONASHEE GOLD CORP. (the “Company”)**

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

The Audit Committee will:

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

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

### **Composition of the Committee**

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

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

### **Authority**

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

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

### **Reporting**

The reporting obligations of the committee will include:

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

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