



## **NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

to be held June 20, 2012

### **TO THE SHAREHOLDERS OF FIRE RIVER GOLD CORP.**

Notice is hereby given that the annual general and special meeting (the "Meeting") of the holders ("Shareholders") of common shares of Fire River Gold Corp. (the "Company") will be held at suite 340, 1200 West 73<sup>rd</sup> Avenue, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on Wednesday, June 20, 2012 for the following purposes:

1. to receive the audited financial statements of the Company for the year ended October 31, 2011;
2. to fix the number of directors to be elected at the Meeting at five;
3. to elect directors for the ensuing year;
4. to appoint James Stafford Chartered Accountants as auditors of the Company and to authorize the directors to fix remuneration to be paid to the auditors;
5. to approve the Company's share option plan; and
6. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

**Only Shareholders of record at the close of business on May 16, 2012 are entitled to receive notice of and to vote at the Meeting or any adjournment.**

Shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the enclosed form of proxy in accordance with the instructions set out in the form of proxy and in the Information Circular accompanying this notice. Instructions regarding the appointment of a proxy or representative are contained in the Information Circular. The time limit for deposit of proxies may be waived by the Chairman at his discretion without notice.

**If you have any questions or require additional information with regards to the voting of your shares, please contact our proxy solicitation agent, Georgeson, toll-free within North America at 1-866-656-4122.**

DATED at Vancouver, British Columbia, this 16<sup>th</sup> day of May 2012.

### **BY ORDER OF THE BOARD OF DIRECTORS**

*"R. David Russell"*

R. David Russell  
Chairman and Director

**MANAGEMENT INFORMATION CIRCULAR**  
**DATED AS AT MAY 16, 2012**  
**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF**  
**FIRE RIVER GOLD CORP.**  
**SUITE 340 – 1200 WEST 73<sup>rd</sup> AVENUE**  
**VANCOUVER, BC V6P 6G5**

**GENERAL PROXY INFORMATION**

---

**Solicitation of Proxies**

This management information circular is furnished to the holders of common shares (the “shareholders”) in connection with the solicitation of proxies by the management of Fire River Gold Corp. (the “Company”) for use at the annual general and special meeting of shareholders (the “Meeting”) of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting. References in this management information circular to the Meeting include any adjournment or adjournments thereof. It is expected that the solicitation will be primarily by mail, however, proxies may also be solicited personally by regular employees of the Company and the Company may use the services of an outside proxy solicitation agency to solicit proxies. The Company has retained Georgeson Shareholder Communications Canada Inc. (“Georgeson”) in connection with the solicitation of proxies. For this service, and other advisory services, Georgeson will be paid a management fee of \$22,500 plus out of pocket expenses. The costs of solicitation will be borne by the Company.

The board of directors of the Company (the “Board”) has fixed the close of business on May 16, 2012 as the record date, being the date for the determination of the registered holders of securities entitled to receive notice of, and to vote at, the Meeting. Duly completed and executed proxies must be received by the Company’s transfer agent at the address indicated on the enclosed envelope no later than 10:00 a.m. (Vancouver time) on June 18, 2012, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned Meeting. Late proxies may be accepted or rejected by the Chair of the Meeting in his sole discretion, and the Chair is under no obligation to accept or reject any late proxy.

Unless otherwise stated, the information contained in this management information circular is as of May 16, 2012. All dollar amounts referenced herein, unless otherwise indicated, are expressed in Canadian dollars and are referred to as “C\$”.

**Appointment and Revocation of Proxies**

The persons named in the enclosed form of proxy are officers or directors of the Company. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent such shareholder at the Meeting, may do so by inserting such person’s name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the office of the Company’s transfer agent indicated on the enclosed envelope no later than 10:00 a.m. (Vancouver time) on June 18, 2012, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned Meeting.** Late proxies may be accepted or rejected by the Chair of the Meeting in his sole discretion, and the Chair is under no obligation to accept or reject any late proxy.

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by a shareholder or by a shareholder’s attorney authorized in writing (or, if the shareholder is a corporation, by a duly authorized officer or attorney) and deposited either at the registered office of the Company (Fire River Gold Corp. c/o Fasken Martineau Dumoulin LLP, 550 Burrard Street, Suite 2900, Vancouver, BC V6C 0A3, Attention: Carole McCool) at any time up to and including the last business day preceding the day of the Meeting or with the Chair of the Meeting on the day of the Meeting prior to the commencement of the Meeting or in any other manner permitted by law.

## Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, the proxy confers discretionary authority on the proxyholder with respect to such matter. It is the intention that the person designated by management as proxyholder will vote in favour of each matter identified in the proxy and for the nominees of management for directors and for auditor.**

**The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.** At the time of printing of this management information circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

## Voting by Non-Registered Shareholders

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Company are non-registered shareholders ("Non-Registered Shareholders") because the shares they own are not registered in their names but are instead registered in the name of a brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Shareholder deals with in respect of the shares of the Company (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or The Depository Trust & Clearing Corporation) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company will have distributed copies of the notice of meeting, this management information circular and the form of proxy (which includes a place to request copies of the Company's annual and/or interim financial statements and MD&A or to waive the receipt of the annual and/or interim financial statements and MD&A) (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "voting instruction form") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. See above "Exercise of Discretion by Proxies" for broker discretion in the absence of non-registered shareholder direction; or
- (b) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should carefully review and follow the instructions provided by the Intermediary.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the shares of the Company they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

**Voting Securities and Principal Holders Thereof**

The Board of the Company has fixed May 16, 2012 as the record date. Shareholders at the close of business on May 16, 2012 are entitled to receive notice of the Meeting and to vote thereat or at any adjournments thereof on the basis of one vote for each common share held.

As at May 16, 2012, the Company had 102,442,372 common shares issued and outstanding as fully paid and non-assessable.

As of May 16, 2012, to the knowledge of the directors and executive officers of the Company, there are no persons or companies who beneficially own, directly or indirectly, or control or direct common shares carrying 10% or more of the voting rights attached to all the common shares.

## MEETING MATTERS

### 1. Financial Statements

The audited financial statements of the Company for the year ended October 31, 2011 and the report of the auditor thereon will be received at the Meeting. The audited financial statements and the report of the auditors thereon were provided to each Shareholder requesting audited financial statements.

### 2. Number of Directors

The number of directors for the Company is set by ordinary resolution of the shareholders of the Company, subject to a minimum of three directors. Management of the Company is seeking shareholder approval of an ordinary resolution fixing the number of directors of the Company at five (5) for the ensuing year.

### 3. Election of Directors

The persons below are management's nominees to the Board. Each director elected will hold office until the next annual general meeting or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the Articles of the Company or if he or she becomes disqualified to act as a director. **Unless authority to do so is withheld, management's designees named in the accompanying proxy intend to vote for the election of Nominees.** Management does not contemplate that any of the nominees will be unable to serve as a director.

Name, Province or State and Country of Residence and present position with Company	Present Principal Occupation, Business or Employment <sup>(1)</sup>	Director Since	Number of Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(2)</sup>
<b>RUSSELL, R. David</b> <sup>(3)(4)(5)</sup> Colorado, USA Non-Executive Chairman and Director	Chairman of the Company and Chairman of Pure Nickel Inc.	September 17, 2010	21,111
<b>HOLMES, Linda</b> <sup>(3)(4)(5)</sup> British Columbia, Canada Director	Canadian regulatory compliance consultant	November 15, 2007	202,780
<b>LANG, C. Douglas</b> <sup>(3)(4)(5)</sup> British Columbia, Canada Director	Financial Consultant	March 28, 2011	Nil
<b>SVEINSON, Fred</b> British Columbia, Canada Director	President, International Mine Builders Inc. and President of Valterra Resource Corporation	June 21, 2011	96,000
<b>MELIAN, M. Christine</b> Utikon-Waldegg, Switzerland Director	Currently, Group Finance Director at Central Asian Minerals and Resources plc. From 2009 to 2010, fund management of Timeless Precious Metals Fund, and from 2007 to 2009 – Financial and Banking consultant.	May 11, 2012	Nil

<sup>(1)</sup> Includes occupations for preceding five years unless the director was elected at the previous Annual Meeting and was shown as a nominee for election as a director in the Circular for that meeting.

<sup>(2)</sup> The approximate number of shares of the Company carrying the right to vote in all circumstances beneficially owned, directly or indirectly, or over which control or direction is exercised by each proposed nominee as of the Record Date. No director, together with the director's associates and affiliates beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Company's shares.

<sup>(3)</sup> Member of the Audit Committee

<sup>(4)</sup> Member of the Corporate Governance Committee

<sup>(5)</sup> Member of the Compensation Committee

## Cease Trade Orders, Bankruptcies, Penalties or Sanctions

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

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that,
  - (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for more than 30 days (an "Order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director;

except that, Linda Holmes, a director of the Company, was the corporate secretary of Copper Mesa Mining Corporation ("Copper Mesa"), a company listed on the TSX. In 2009, Copper Mesa had a cease trade order ("CTO") issued against it effective April 9, 2009, as a result of its failure to file its annual disclosure documents (audited financial statements, corresponding Management's Discussion and Analysis ("MD&A") and Annual Information Form) for its fiscal year ended December 31, 2008. Subsequently, the CTO against Copper Mesa was lifted and the trading in Copper Mesa's shares resumed on June 16, 2009. On August 27, 2009, a temporary CTO was issued against Copper Mesa for failing to file its interim financial statements for the six-month period ended June 30, 2009 and its MD&A for that period. Effective September 8, 2009, the temporary CTO was replaced with a Permanent CTO and Copper Mesa's shares were delisted from trading on the TSX effective February 19, 2010.

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

## 4. Appointment of Auditors

At the Meeting, Shareholders will be asked to pass a resolution appointing James Stafford Chartered Accountants ("James Stafford") as auditors of the Company, to hold office until the next annual meeting of Shareholders and to authorize the Board to fix the remuneration to be paid thereto. James Stafford was first appointed auditors of the Company on July 15, 2008.

## 5. Approval of Share Option Plan

The Company's Share Option Plan (the "Plan") was approved by the Shareholders at the meeting of Shareholders held on June 21, 2011 when it converted from a "fixed number plan" to a "rolling plan". Please see below for a full description of the Plan. As the Plan limits the number of options which may be granted to 10% of the number of common shares of the Company which are issued and outstanding on the grant date, the TSX Venture Exchange (the "Exchange") requires that the Shareholders of the Company approve the Plan each year and accordingly, the Shareholders of the Company will be asked to pass the following resolution:

"BE IT RESOLVED THAT:

1. subject to regulatory approval, the Share Option Plan, in the form presented to this Meeting, is approved and is hereby directed to be attached to the Minutes of this Meeting as a Schedule thereto;
2. the Company is authorized to grant share options pursuant and subject to the terms and conditions of the Share Option Plan entitling all of the option holders in aggregate to purchase up to such number of common shares of the Company as is equal to 10% of the number of common shares of the Company issued and outstanding on the applicable grant date; and
3. any committee created pursuant to the Share Option Plan is authorized to make such amendments to the Share Option Plan from time to time as the Board may, in its discretion, consider to be appropriate, provided that such amendments will be subject to the approval of all applicable regulatory authorities and in certain cases, in accordance with the terms of the Share Option Plan, the shareholders.

Management of the Company recommends that shareholders vote in favour of the foregoing resolution, and the persons named as Management's nominees 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.

### **Description of the Share Option Plan**

The Plan is designed to advance the interests of the Company by encouraging eligible participants, being employees, officers, directors and consultants, to have equity participation in the Company through the acquisition of common shares.

The Company had 102,442,372 common shares issued and outstanding as at May 16, 2012 and the aggregate maximum number of common shares that are issuable under the Plan is 10,244,237, representing 10% of the Company's issued and outstanding common shares. As at May 16, 2012, options to purchase an aggregate of 7,185,000 common shares, representing 7% of the issued and outstanding common shares, are currently outstanding under the Plan.

The Board has the discretion to grant options pursuant to the terms of the Plan. Options may be granted to eligible persons, being: directors, officers, employees, or consultants. Limitations on issue include: (a) no more than 5% of the issued common shares of the Company, calculated at the date of the grant of options, may be granted to any one optionee in any 12 month period unless the Company has obtained disinterested shareholder approval; (b) no more than 2% of the issued common shares of the Company, calculated at the date of the grant of options, may be granted to any one consultant in any 12 month period; (c) no more than an aggregate of 2% of the issued common shares of the Company, calculated at the date of the grant of options, may be granted to all persons conducting investor relations activities within any 12 month period; and (d) no options may be granted if the Company is designated "inactive" by the TSX Venture Exchange.

Pursuant to the Plan, the exercise price of options is set by the Board and cannot be less than the Discounted Market Price (as such term is defined in TSX-V policies). Options may be granted for a maximum term of 10 years from the date of grant. Any options that expire unexercised or that are otherwise lawfully cancelled will be eligible for re-issue under the Plan.

All options granted under the Plan are non-assignable.

Vesting provisions are at the sole discretion of the Board except that options granted to consultants conducting investor relations activities will vest, at a minimum, over a period of not less than 12 months as to 25% on the date that is three months from the date of grant and a further 25% on each successive date that is three months from the date of the previous vesting.

Any reduction in exercise price of an option previously granted to an insider requires disinterested shareholder approval.

Options will expire immediately upon the optionee leaving his or her employment/office except that:

- (a) in the case of death of an optionee, or an optionee ceasing to be an eligible person as a result of disability, any vested options held by the optionee at the date of death/disability will become exercisable by the optionee/optionee's estate until the earlier of one year after the date of death/disability and the date of expiration of the term otherwise applicable to such option;
- (b) options granted to a person conducting investor relations activities will expire 30 days after the date such person ceases to conduct such activities;

- (c) options granted to an optionee other than one conducting investor relations expire 90 days after the optionee ceases to be employed/provide services; or within a reasonable time after the Optionee ceases to be employed by the Company.
- (d) in the case of an optionee dismissed from employment/service for cause, such options, whether vested or not, will immediately terminate without right to exercise same.

A copy of the Plan is attached to this Information Circular as Schedule "B".

## STATEMENT OF EXECUTIVE COMPENSATION

---

### Compensation Discussion and Analysis

#### Objectives of the Compensation Program

The objectives of the Company's compensation program are to attract, hold and inspire performance by members of the senior management that will enhance the sustainable profitability and growth of the Company.

#### Overview of the Compensation Philosophy

The following principles guide the Company's overall compensation philosophy:

- (a) compensation is determined on an individual basis by the need to attract highly skilled individuals;
- (b) compensation is calculated based on, among other things, individual performance and salaries paid to individuals of other companies within the Company's peer group, as well as the performance of the Company;
- (c) the total compensation package is comprised of dollars and share options and is linked to individual and corporate performance

#### Elements of Compensation

It is the compensation philosophy of the Company to provide a blend of salaries and long term equity incentives in the form of share options. For the fiscal year ended October 31, 2011, the two elements of compensation were base salaries and equity in the form of share options.

Element of Compensation	Summary and Purpose of the Element
Base Salary	Salaries form an essential component of the overall compensation package. Executive officer salaries are reviewed, at a minimum, annually and are determined based on, among other things, individual performance, salaries of executives in the Company's peer group, and the performance of the Company.
Long-term Incentive Plan – Share Options	Share options are a key component in the compensation package issued to executives. The number of options granted to each executive is based on, among other things, cash salary portion of the compensation, individual and Company performance, and limits imposed by the terms of the Company's Share Option Plan.

#### Option-based Awards

The Compensation Committee considers grants of options made under the share option plan (the "Plan") to be an important component of executive compensation. The objective of making grants under the Plan is to encourage executive officers to acquire an ownership interest in the Company, thus better aligning the interests of executive officers with the interests of shareholders. When determining possible option grants, the Compensation Committee considers past grants. The Black-Scholes model is used to determine the fair value at grant date of the options. Option pricing models require the input of subjective assumptions, particularly as to the expected volatility of the share price. Changes in these assumptions can materially affect the fair value estimate and therefore it is management's view that the existing models may not provide a single reliable measure of the fair value of the Company's option grants. Please see the Company's audited financial statements for the year ended October 31, 2011 available on SEDAR at [www.sedar.com](http://www.sedar.com), for a description of the key assumptions and estimates used in the pricing model.



## **Compensation Governance**

The Company has a Compensation Committee, comprised of a majority of independent directors, which is responsible for the development, implementation and monitoring of the Company's compensation policy for executive officers and members of the Board. The Compensation Committee is comprised of Linda Holmes (Chair), R. David Russell, and C. Douglas Lang. The Compensation Committee is able to retain consultants to assist them in the determination of executive compensation decisions if they deem necessary. Each member of the Compensation Committee has the ability to exercise independent judgment and reasoning, analytical and logical thinking, have knowledge of the competitive marketplace for executives, operational experience, financial knowledge, and international business experience.

The Compensation Committee has the responsibility to, among other things:

- review and make recommendations to the Board with respect to the overall compensation strategy and policies of the Company;
- meet with the Chief Executive Officer, Chief Operating Officer, or other senior executive officers ("Executive Officers") to develop and establish corporate goals and objectives relevant to his/her compensation and report to the Board with recommendations;
- to review, annually, and recommend to the Board approval of the annual compensation for Executive Officers;
- to review with the Chair of the Board, succession planning with respect to the Chief Executive Officer or officer acting in the capacity of Chief Executive Officer; and
- to review and assess annually the adequacy of this charter and recommend any proposed changes to the Corporate Governance Committee.

## **Risk Management and Compensation**

The Compensation Committee has not formally considered the risks associated with the Company's compensation policies and practices. The Company recognizes that certain compensation arrangements could promote unintended behaviours that may, in certain circumstances, be misaligned with Shareholders' interests. The Company's compensation policies and programs do not present any unusual risks and are in line with similar companies within the same industry.

## **Hedging Policy**

The Company has not established a policy on whether or not executive officers and directors are 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 an executive officer or director.

## Summary Compensation Table

The following table provides information relating to the Company's named executive officers ("Named Executive Officers" or "NEO's"). NEO means: a CEO; a CFO; 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 each individual who would be an NEO but for the fact that the individual was neither an executive officer of the Company, or its subsidiaries, nor acting in a similar capacity, at the end of that financial year. As at October 31, 2011, the Company had three NEO's: (i) the President, (ii) the Vice President and Chief Operating Officer, and (iii) the Chief Financial Officer.

Name and Principal Occupation	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		All other compensation (\$) <sup>(2)</sup>	Total compensation (\$)
					Annual Incentive plans	Long-term incentive plans		
Richard Goodwin <sup>(3)</sup> President	2011	131,250	-	160,513	-	-	125,669	417,432
Timothy Smith <sup>(4)</sup> Vice President and Chief Operating Officer	2011	101,750	-	24,068	-	-	23,760	149,578
Harry Barr <sup>(5)</sup> Former President and Chief Executive Officer	2011	-	-	130,117	-	-	240,800	370,917
	2010	-	-	102,202	-	-	-	102,202
	2009	-	-	52,677	-	-	-	52,677
Robert Guanzon <sup>(6)</sup> Former Chief Financial Officer	2011	83,388	-	66,177	-	-	15,500	139,947
	2010	58,270	-	51,101	-	-	-	109,371
	2009	-	-	30,101	-	-	-	30,101

(1) Amounts disclosed under "Option-Based Awards" represent option grants and are based on the grant date fair value of the award using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the option, the price of the underlying security on the date the option was granted and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. The dollar value option awards calculated using the Black-Scholes valuation model as at the date of grant under the following weighted average assumptions: expected dividend yield – 0%; expected volatility – 93%; riskfree interest rate – 2.1%; and expected life – 5 years. The Black-Scholes valuations do not necessarily represent realized proceeds from option grants.

(2) The amount reported under "All Other Compensation" generally includes amounts paid to the Named Executive Officer as a consultant.

(3) Richard Goodwin was appointed President and Chief Operating Officer on February 28, 2011. Prior to his position as President and Chief Operating Officer, Mr. Goodwin was Vice President, Mining. On February 2, 2012 Mr. Goodwin ceased to be the Chief Operating Officer and currently holds the position of President. Richard Goodwin is not standing for re-election to the Board of Directors.

(4) Timothy Smith was appointed Vice President, Operations on March 28, 2011. On February 2, 2012 he ceased to be the Vice President, Operations and on that same date was appointed Vice President and Chief Operating Officer. Mr. Smith is paid in United States dollars and the Company has converted his compensation into Canadian dollars using the average annual exchange rate for the fiscal year reported.

(5) In addition to consulting fees for Harry Barr, included in "All Other Compensation" are a bonus fee of \$126,000 and a termination fee of \$44,000. Harry Barr resigned on February 28, 2011.

(6) Robert Guanzon resigned as Chief Financial Officer on December 12, 2011.

## Incentive Plan Awards

The Company has a share option plan (the "Plan") in place that is designed to advance the interests of the Company by encouraging eligible participants, being employees, officers, directors and consultants, to have equity participation in the Company through the acquisition of common shares. The Plan limits the number of options which may be granted to 10% of the number of common shares of the Company which are issued and outstanding on the grant date. The Board has the discretion to grant options pursuant to the terms of the Plan. Options may be granted to eligible persons, being: directors, officers, employees, or consultants. Limitations on issue include: (a) no more than 5% of the issued common shares of the Company, calculated at the date of the grant of options, may be granted to any one optionee in any 12 month period unless the Company has obtained disinterested shareholder approval; (b) no more than 2% of the issued common shares of the Company, calculated at the date of the grant of options, may be granted to any one consultant in any 12 month period; (c) no more than an aggregate of 2% of the issued common shares of the Company, calculated at the date of the grant of options, may be granted to all persons conducting investor relations activities within any 12 month period; and (d) no options may be granted if the Company is designated "inactive" by the TSX Venture Exchange.

## Outstanding Option-Based Awards – Named Executive Officers

The following table provides information regarding the incentive plan awards for each Named Executive Officer outstanding as at October 31, 2011.

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option Expiration Date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Richard Goodwin	100,000	0.40	Oct 2, 2014	-
	300,000	0.55	Jun 25, 2015	-
	85,000	0.55	Feb 14, 2016	-
	400,000	0.43	Jun 22, 2016	-
Timothy Smith	320,000	0.43	June 22, 2016	-
Robert Guanzon <sup>(2)</sup>	100,000	0.40	Oct 2, 2014	-
	100,000	0.55	Jun 25, 2015	-
	50,000	0.55	Feb 14, 2016	-
	160,000	0.43	Jun 22, 2016	-

<sup>(1)</sup> The closing price of the Company's shares on the TSX Venture Exchange on October 31, 2011 was \$0.34. There was no value to any of the share options held by the Named Executive Officers as at October 31, 2011. Further, there were no share options exercised by the Named Executive Officers during the year ended October 31, 2011.

<sup>(2)</sup> Mr. Guanzon resigned as Chief Financial Officer on December 12, 2011.

## Share Option Awards – Value Vested or Earned During the Year by Named Executive Officers

The following table sets forth information with respect to the value of Options vested for each Named Executive Officer as at October 31, 2011.

Name	Option-Based Awards Value Vested During the Year
Richard Goodwin	Nil
Timothy Smith	Nil
Robert Guanzon <sup>(1)</sup>	Nil

<sup>(1)</sup> Robert Guanzon resigned on December 12, 2011.

## Termination and Change of Control Benefits

The Company has entered into employment agreements with each of Richard Goodwin, the President of the Company, Timothy Smith, the Vice President and Chief Operating Officer of the Company, and Brent Timmons, the Vice President of Finance and Chief Financial Officer of the Company which agreements provide for severance and change of control benefits.

### ***Richard Goodwin***

Mr. Goodwin's employment agreement provides for a severance payment of one years salary, plus one month of annual salary for each completed year of service ("Severance Period Payment") to the Company but shall not exceed 24 months of annual salary plus any accrued vacation allowance. Mr. Goodwin shall receive his health care benefits until the earlier of the passing of the date that is at the midpoint of the Severance Period or Mr. Goodwin obtaining similar benefits through other employment. In the event of a change of control of the Company, Mr. Goodwin may resign at any time within six months after a takeover of control of the Company. In the event of a resignation due to a takeover or change of control, or in the event the Company terminates Mr. Goodwin's employment without cause and within 12 months after a takeover of control, the Company shall provide Mr. Goodwin a lump sum payment equivalent to 24 months of annual salary plus any other cash incentives under Incentive Plans, an additional amount equal to the average cash incentive received by Mr. Goodwin during the preceding three years, if any. If Mr. Goodwin was only eligible for such cash incentives for less than three prior years, the payment shall be the average of such lesser number of years with a minimum of one year. In lieu of common shares of the Company issuable upon exercise of options previously granted to Mr. Goodwin under the Company's Share Option Plan which remain unexercised following the termination date, a cash amount equal to the aggregate spread between the exercise price of all such options which are in the money on the termination date and the higher of (i) the average of the closing prices of the Company's common shares as reported on the TSX Venture Exchange (or such other stock exchange on which the Company's shares may be listed) for thirty (30) days preceding the termination date, or (ii) the average price actually

paid for the most highly priced one percent (1%) of the Company's common shares, however and for whatever reason by any person who alone or acting in concert with others effected the takeover of control of the Company.

### ***Brent Timmons***

Mr. Timmons employment may be terminated without cause by a majority vote of the Board. In the event that Mr. Timmons' employment is terminated without cause, the Company shall pay to Mr. Timmons 12 months' salary, together with a payment equal to 50% of any bonus entitlement for each year in such 12 month period, plus any other compensation which Mr. Timmons is entitled to ("Severance Payment"). Any share options granted but not vested shall be deemed to have immediately vested and made available for exercise for not more than 12 months after termination. Health care benefits shall remain in effect for a period of 12 months after termination. In the event of an effective change of control of the Company, Mr. Timmons' employment shall be deemed to have been terminated without cause and the Company shall pay to Mr. Timmons the Severance Payment.

### ***Timothy Smith***

Mr. Smith's employment may be terminated without cause by a majority vote of the Board. In the event of termination without cause, Mr. Smith shall be entitled to 24 months annual salary together with a payment that is equal to 50% of any bonus entitlement for each year in such 12 month period and any other compensation that Mr. Smith is entitled to receive ("Severance Payment"). Any share options granted but not vested shall be deemed to have immediately vested and made available for exercise for not more than 12 months after termination. Health care benefits shall remain in effect for a period of 12 months after termination. In the event of an effective change of control of the Company, Mr. Smith's employment shall be deemed to have been terminated without cause and the acquiring company shall be obligated to pay Mr. Smith the Severance Payment.

### **Estimated Incremental Payment on Change of Control or Termination**

The following table provides details regarding the estimated incremental payments from the Company to each of the Named Executive Officers if such Named Executive Officer resigns following a change of control, as at October 31, 2011.

	<b>Severance Period (# of months)</b>	<b>Annual Salary (\$)</b>	<b>Benefits Uplift (\$)<sup>(2)</sup></b>	<b>Total Incremental Payments (\$)</b>
Richard Goodwin	24	225,000	21,720	471,720
Timothy Smith <sup>(1)</sup>	24	198,000	8,242	404,242
Brent Timmons <sup>(3)</sup>	-	-	-	-

<sup>(1)</sup> Timothy Smith is paid in United States dollars and the Company has converted his compensation into Canadian dollars using the average annual exchange rate for the fiscal year reported.

<sup>(2)</sup> Amounts in this column reflect accrued vacation allowance as at October 31, 2011.

<sup>(3)</sup> Brent Timmons was appointed Vice President, Finance and Chief Financial Officer on December 15, 2011.

### **DIRECTOR COMPENSATION**

Director compensation is set each year following the annual meeting of Shareholders. The following table provides information concerning the Company's non-executive director fee structure.

<b>Description of Fee</b>	<b>Amount (\$)</b>
Non-Executive Chair Annual Cash Retainer	30,000
Director Annual Cash Retainer	10,000
Board Meeting Attendance (per meeting)	500
Board Meeting Chaired (per meeting)	750
Committee Meeting Attendance (per meeting)	250
Committee Meeting Chaired (per meeting)	500
Option grants	As recommended by the Compensation Committee and determined by the Board

Directors are reimbursed for all reasonable out-of-pocket expenses incurred in carrying out their duties as directors.

## Director Compensation Table

The following table provides information concerning compensation paid to the non-executive directors for the year ended October 31, 2011.

Name	Fees Earned (\$)	Share Based Awards (\$)	Option-Based Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Compensation (\$)	Pension Value (\$)	All Other Compensation (\$) <sup>(4)</sup>	Total Compensation (\$)
R. David Russell <sup>(2)</sup>	14,850	-	121,123	-	-	62,370	198,343
Linda Holmes	6,907	-	58,835	-	-	11,450	77,192
Fred Sveinson	6,347	-	18,803	-	-	9,016	34,166
C. Douglas Lang	6,627	-	56,765	-	-	-	63,392
Kevin Lawrence <sup>(3)</sup>	6,347	-	58,835	-	-	11,200	76,382

<sup>(1)</sup> Amounts disclosed under "Option-Based Awards" represent option grants and are based on the grant date fair value of the award using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the option, the price of the underlying security on the date the option was granted and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. The dollar value option awards calculated using the Black-Scholes valuation model as at the date of grant under the following weighted average assumptions: expected dividend yield – 0%; expected volatility – 93%; riskfree interest rate – 2.1%; and expected life – 5 years. The Black-Scholes valuations do not necessarily represent realized proceeds from option grants.

<sup>(2)</sup> Mr. Russell is paid in United States dollars and the Company has converted his compensation into Canadian dollars using the average annual exchange rate for the fiscal year reported.

<sup>(3)</sup> Kevin Lawrence is not standing for re-election.

<sup>(4)</sup> All Other Compensation generally applies to independent consulting work.

## Outstanding Option-Based Awards – Directors

The following table sets forth information with respect to the outstanding options for each non-employee director as at October 31, 2011. The Company has not issued any common share-based awards.

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option Expiration Date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
R. David Russell	300,000	0.55	Sept 17, 2015	-
	40,000	0.55	Feb 14, 2016	-
	350,000	0.43	Jun 22, 2016	-
Linda Holmes	100,000	0.40	Oct 2, 2014	-
	75,000	0.55	Sept 17, 2015	-
	40,000	0.55	Feb 14, 2016	-
	200,000	0.43	Jun 22, 2016	-
Fred Sveinson	250,000	0.43	June 22, 2016	-
C. Douglas Lang	250,000	0.55	May 5, 2016	-
	200,000	0.43	Jun 22, 2016	-
Kevin Lawrence	100,000	0.40	Oct 2, 2014	-
	75,000	0.55	Sept 17, 2015	-
	40,000	0.55	Feb 14, 2016	-
	200,000	0.43	Jun 22, 2016	-

<sup>(1)</sup> The value of the unexercised in-the-money options is calculated as the difference between the closing price of the common shares on the TSX Venture Exchange on October 31, 2011 of \$0.34 and the exercise price.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

---

### Equity Compensation Plans

The following table provides details of compensation plans under which equity securities of the Company are authorized for issuance under compensation plans as of the year ended October 31, 2011.

Plan Category	Number of securities to be issued upon exercise of outstanding share options	Weighted-average price of outstanding share options (\$)	Number of share options remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders	8,056,258	0.48	1,861,892
Equity compensation plans not approved by shareholders	Nil	N/A	N/A
<b>Total</b>	<b>8,056,258</b>	<b>0.48</b>	<b>1,861,892</b>

## CORPORATE GOVERNANCE PRACTICES

---

In June 2005, National Policy 58-201 *Corporate Governance Guidelines* (the "Governance Guidelines") and National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the "Governance Disclosure Rule") were adopted by the securities regulatory authorities in Canada. The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices. The Governance Disclosure Rule requires that, if management of an issuer solicits proxies from its security holders for the purpose of electing directors, specified disclosure of its corporate governance practices must be included in its management information circular.

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and shareholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required.

The following is a description of the Company's corporate governance practices which has been prepared by the Corporate Governance Committee of the Board and has been approved by the Board.

### Board of Directors

#### Independence of the Board

The independence of the directors under the Governance Disclosure Rule is determined in accordance with National Instrument 52-110 *Audit Committees*, which provides that a director is independent if he or she has no direct or indirect material relationship with the Company and its subsidiaries. A "material relationship" is defined to mean any relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

On an annual basis, the Board considers whether each director is independent in accordance with this standard. Applying the definition set out in National Instrument 52-110 *Audit Committees*, 4 out of the 5 members of the Board are independent. R. David Russell, although not employed by the Company, is a corporate officer and therefore is not independent.

#### Board Chair

The Board has appointed R. David Russell as its Chairman ("Chair"). The Chair's primary responsibilities include chairing all Board meetings and managing the affairs of the Board and shareholders, including ensuring that the Board is organized properly, functions effectively and meets its obligations and responsibilities. The Chair also acts as the primary spokesperson for the Board, ensuring that management is aware of concerns of the Board, shareholders, other stakeholders and the public and, in addition, ensuring that management strategies, plans and performance are appropriately represented to the Board.

## Meetings of the Board and Committees of the Board

The Board meets a minimum of four times per year. Each committee of the Board meets at least once each year or more frequently as deemed necessary by the applicable committee. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the business and affairs which the Company faces from time to time.

## Other Directorships

The following table provides details regarding certain of the directors of the Company who also serve as directors on the boards of other reporting issuers. Other than as set forth in the table, to the knowledge of the Company, no director of the Company serves on the board of any other public company with any other director of the Company.

Name of Director	Reporting Issuer(s) or Equivalent(s)
Linda Holmes	Pacific North West Capital Corp. Next Gen Metals Inc El Nino Ventures Inc.
R. David Russell	Pure Nickel Inc. General Moly, Inc. Central Asian Minerals and Resources plc
C. Douglas Lang	Central 1 Credit Union
Fred Sveinson	Tirex Resources Ltd. Valterra Resource Corporation Banks Island Gold Ltd. Appleton Exploration Inc. Homestake Resource Corporation
M. Christine Melian	Central Asian Minerals and Resources plc

## Board Mandate

The Board has the responsibility to oversee the conduct of the business of the Company and to supervise the management of the business and affairs of the Company. The fundamental objectives of the Board are to enhance and preserve long-term shareholder value, to ensure that the Company operates in a reliable, safe manner and meets its obligations on an ongoing basis. The Board is accountable to and shall consider the legitimate interests of its shareholders and other stakeholders such as government authorities, employees, contractors, communities and the public. The Board shall set the standards of conduct for the enterprise, provide direction and oversight, approve strategic plans presented by senior management and evaluate the performance of senior management.

A copy of the terms of reference for the Board is available on the Company's website at [www.firerivergold.com](http://www.firerivergold.com).

## Orientation and Continuing Education

The Company has not adopted a formalized process of orientation for new Board members. Orientation of new directors is conducted on an *ad hoc* basis. Directors are kept informed as to matters impacting, or which may impact, the Company's operations through reports and presentations at the Board meetings or in between scheduled Board meetings by way of telephone or email correspondence. Directors are also provided the opportunity to meet with senior management and other employees, advisors and directors, who can answer any questions that may arise, at any time.

## Ethical Business Conduct

The Board has adopted a Code of Business Conduct and Ethics (the "Code") for the purpose of fostering a climate of honesty and integrity, a copy of which is posted on the Company's website at [www.firerivergold.com](http://www.firerivergold.com).

## Whistleblower Policy

The Company has adopted a Whistleblower Policy which allows its directors, officers, employees and consultants ("Employees") to observe high standards of professionalism and ethical conduct in maintaining the financial records of the Company. Pursuant to its Charter, the Audit Committee of the Board of the Company is responsible for reviewing (on a confidential basis if necessary) all complaints or submissions received from Employees of the Company regarding accounting or auditing matters concerning the Company. In order to carry out its responsibilities

under its Charter, the Audit Committee has adopted this Whistleblower Policy. The Whistleblower Policy is available on the Company's website at [www.firerivergold.com](http://www.firerivergold.com).

### **Nomination of Directors**

The Board does not have a nominations committee or a formal procedure with respect to the nomination of directors. In general, nominees will be the result of recruitment efforts by the Board, including both formal and informal discussions among the members of the Board.

### **Compensation**

The Board, on recommendation from the Compensation Committee determines director and senior executive compensation. In order to attract and retain highly skilled personnel, the Company compensates its directors and senior officers with competitive fees, salaries, and share option awards. The Company takes into consideration, among other things, the financial position and performance of the Company, the performance of the individual, and compensation packages paid to directors and senior officers of competitor companies.

### **Committees of the Board of Directors**

The Board has the following three standing committees:

- the Compensation Committee;
- the Corporate Governance Committee; and
- the Audit Committee.

All of the committees are independent of management and report directly to the Board. From time to time, and when appropriate, *ad hoc* committees of the Board may be appointed by the Board. The current membership of each committee of the Board is as follows:

Compensation Committee – Linda Holmes (Chair), R. David Russell and C. Douglas Lang  
Corporate Governance Committee – L Holmes (Chair), R. David Russell and C. Douglas Lang  
Audit Committee – Linda Holmes (Chair), R. David Russell and C. Douglas Lang

### **Compensation Committee**

The Compensation Committee is established by the Board to assist in fulfilling the Board's responsibilities to, among other things:

- review and make recommendations to the Board with respect to the overall compensation strategy and policies of the Company;
- meet with the Chief Executive Officer, Chief Operating Officer or other senior executives ("Senior Executives") to develop and establish corporate goals and objectives relevant to his/her compensation and report to the Board with recommendations;
- to review, annually, and recommend to the Board approval of the annual compensation for each senior executive;
- to review and recommend to the Board approval of the initial compensation package of Senior Executives;
- to review with the Chair of the Board, succession planning for Senior Executives;
- to review and assess annually the adequacy of this charter and recommend any proposed changes to the Corporate Governance Committee

A majority of the members of the Compensation Committee are independent directors, namely, Linda Holmes, Chair, and C. Douglas Lang. R. David Russell is not an independent director. Each director has the ability to exercise independent judgment and reasoning, analytical and logical thinking, have knowledge of the competitive marketplace for executives, and have experience with the objectives and purposes of compensation programs.

### **Corporate Governance Committee**

A majority of the members of the Corporate Governance Committee are independent directors, namely, Linda Holmes, Chair, and C. Douglas Lang. R. David Russell is not an independent director. The Corporate Governance Committee's responsibilities include, among other things, periodically reviewing the charters of the Board and committees of the Board, assisting the Chair of the Board in carrying out his responsibilities; considering and, if thought fit, approving requests from directors for the engagement of independence counsel in appropriate circumstances; preparing and recommending to the Board a set of corporate governance guidelines, a Code of Business Conduct and Ethics and review of any corporate governance policies to be included in the Company's management information circular; annually reviewing the Board's relationship with management to ensure the Board is able to, and in fact does, function independently of management, assisting the Board by identifying individuals



qualified to become Board members and members of the Board committees; leading the Board in its annual review of the Board's performance; and assisting the Board in monetary compliance by the Company with legal and regulatory requirements. A copy of the Corporate Governance Charter is available on the Company's website at [www.firerivergold.com](http://www.firerivergold.com).

### **Audit Committee**

See "Audit Committee Disclosure"

### **Board Assessments**

The Board is committed to regular assessments of the effectiveness of the Board, the committees of the Board and the directors. The Corporate Governance Committee ("CGC") annually reviews and makes recommendations to the Board regarding evaluations of the Board, committees and directors. The CGC may meet one-on-one with each director and the Chair of the Board to seek candid feedback regarding each other director of the Board, the Board performance and any concerns that he or she may have. The CGC will review by way of a checklist, among other things,

- Performance and effectiveness of the Board, Board committees and Chair of the Board
- Mandate, size and effectiveness of the Board
- Education and development of the Board members
- Long-term plan for Board composition; and
- Process for identifying, recruiting and appointing new directors

### **AUDIT COMMITTEE DISCLOSURE**

---

A majority of the members of the Audit Committee are independent directors, namely, Linda Holmes, Chair, and C. Douglas Lang. R David Russell is not an independent director. All of the members are "financially literate" as defined in NI 52-110. An individual is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. The education and experience of each Audit Committee member is as follows:

#### **Linda Holmes**

Ms. Holmes has been a Canadian and US securities compliance consultant since 1994 and has been a director, officer and/or consultant of numerous public companies. Ms. Holmes is currently a director and member of the Audit Committee of Pacific North West Capital Corp. and El Nino Ventures Inc. The foregoing experience has given Ms. Holmes: (i) an understanding of the accounting principles used by the Company to prepare its financial statements; (ii) the ability to assess the general application of accounting principles in connection with accounting estimates, accruals and reserves; (iii) experience analyzing and evaluating financial statements similar to those of the Company; and (iv) an understanding of internal controls and procedures for financial reporting pertinent to the Company.

#### **R. David Russell**

Mr. Russell graduated from the Montana School of Mineral, Science and Technology with a Bachelor of Science Degree in Mining Engineering. He has over 33 years experience in the mining industry holding positions as founder, president, CEO and director of various gold mining companies. In these positions, Mr. Russell was responsible for receiving financial information relating to the company and obtaining an understanding of the balance sheet, income statement and statement of cash flows and how these statements are integral in assessing the financial position of the Company and its operating results.

#### **C. Douglas Lang**

Mr. Lang is a Certified General Accountant who obtained his professional designation while employed as the CFO of the City of Campbell River (1991-2005). In his position with the City of Campbell River, Mr. Lang regularly managed complex annual budgets in excess of \$60 million. Under Mr. Lang's stewardship, Campbell River twice received the Canadian Award for Financial Reporting. Mr. Lang presently serves as a director and is the past board chair (2005-2006) of Coastal Community Credit Union. He is also a member of the Audit and Risk Committee and is presently the chair of the Conduct Review & Corporate Governance Committee for Coastal Community Credit Union. Coastal Community Credit Union currently has assets of \$1.6 billion dollars and employs over 600 people.

The purposes of the Audit Committee are to assist the Board's oversight of:

- the integrity of the Company's financial statements

- the Company's compliance with legal and regulatory requirements;
- the qualifications and independence of the Company's independent directors;
- the performance of the Company's external auditors and to provide an open avenue of communication between the external auditors, senior management and the Board.

The Audit Committee is directly responsible for recommending to the Board the nomination of the external auditor and the compensation and retention of the external auditor and overseeing the work of the external auditor. The Audit Committee holds *in camera* meetings, without management present.

The Audit Committee must pre-approve any engagement of the external auditors for any non-audit services to the Company in accordance with applicable law and policies. The engagement of non-audit services will be considered by the Board on a case by case basis.

### Audit Fees

In the following table, "audit fees" are fees billed by the Company's external auditors for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditors for products and services not included in the foregoing categories.

The fees paid by the Company to its auditors for each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees (\$)	Audit Related Fees (\$)	Tax Fees (\$) <sup>(2)</sup>	All Other Fees (\$)
October 31, 2011	35,984	-	2,360	610
October 31, 2010	38,768	4,200 <sup>(1)</sup>	3,117	734

<sup>(1)</sup> These fees are related to the review of the Company's quarterly consolidated financial statements.

<sup>(2)</sup> These fees are related to the preparation of the Company's corporate income tax return.

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a "venture issuer", is not required to comply with Parts 3 (Composition of the Audit Committee) and Parts 5 (Reporting Obligations) of NI 52-110.

The Audit Committee Charter is attached to this information circular.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Company's directors, executive officers or employees, or former directors, executive officers or employees, nor any associate of such individuals, is at the date hereof, or has been, during the financial year ended October 31, 2011, indebted to the Company or its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company or any of its subsidiaries.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, since the commencement of the last completed fiscal 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 or any proposed transaction which has materially affect or would materially affect the Company or any of its subsidiaries.

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

No director or executive officer of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any one of them has or has had, at any time since the beginning of the year ended October 31, 2011, any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the meeting other than as disclosed in this Circular.

## **SHAREHOLDER PROPOSALS**

---

Pursuant to Section 187 of the BC Business Corporations Act, any notice of a Shareholder proposal intended to be raised at the annual general meeting of Shareholders of the Company to be held during 2013 must be submitted to the Company at its registered office, to the attention of the Secretary, on or before March 22, 2013, to be considered for inclusion in the management information circular for that annual general meeting.

## **OTHER BUSINESS**

---

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

## **ADDITIONAL INFORMATION**

---

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is contained in the Company's audited financial statements and management's discussion and analysis ("MD&A") for the year ended October 31, 2011. In addition, a shareholder may request a copy of the Company's financial statements and MD&A by contacting the Company's Chief Financial Officer, Brent Timmons, by mail at Suite 340, 1200 West 73<sup>rd</sup> Avenue, Vancouver, BC V6P 6G5 or by telephone to 604-261-0580.

## QUESTIONS AND FURTHER ASSISTANCE

If you have any questions about the information contained in this document or require assistance in completing your proxy form, please contact our proxy solicitation agent at:



North American Toll Free Number: 1-866-656-4122

Email: [askus@georgeson.com](mailto:askus@georgeson.com)

**FIRE RIVER GOLD CORP.  
(the "Company")**

**AUDIT COMMITTEE CHARTER**

**I. Responsibilities**

The Audit Committee (the "Committee") of the Board of Directors (the "Board") of Fire River Gold Corp. (the "Company") is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing (1) the financial statements, reports and other financially-based information provided to shareholders, regulators and others, (2) the internal controls that management and the Board have established and (3) the audit, accounting and financial reporting processes generally. In meeting these responsibilities, the Committee will:

- (a) monitor the financial reporting process and internal control system;
- (b) review and appraise the work of the external auditors; and
- (c) provide an open avenue of communication between the external auditors, senior management and the Board.

The external auditors are accountable to the shareholders through the Committee. The Committee is responsible for ensuring that the external auditors comply with the requirements stipulated in this Charter and satisfying itself of the external auditors' independence.

**II. Authority**

The Board grants the Committee the authority to:

- (a) engage independent counsel and other advisers as it determines necessary to carry out its duties;
- (b) set and pay compensation for any advisers employed by the Committee; and
- (c) communicate directly and indirectly with internal and external auditors.

**III. Composition and Expertise**

The members of the Committee (the "Members") shall be appointed annually by the Board at the first meeting of the Board following the annual general meeting of the Company's shareholders. Unless a Chairperson is elected by the Board, the Members may designate a Chairperson by majority vote of the full Committee.

The Committee shall be comprised of a minimum of three Members, the majority of whom shall be independent. Each Member shall be a director of the Company. Each Member must satisfy the requirements mandated by National Instrument 52-110 – Audit Committees.

**IV. Duties and Responsibilities**

In order to carry out its responsibilities and duties, the Committee shall:

Document Review

1. Review and assess the adequacy of this Charter, at least annually.
2. Review the Company's interim financial statements including management's discussion and analysis (MD&A) prior to being filed with the appropriate regulatory authorities; and review the Company's annual audited financial statements and submit the Committee's recommendations in a report to the Board prior to their being filed with the appropriate regulatory authorities. The Committee shall determine whether the financial statements are complete, reliable and consistent, and fairly and accurately state the financial results and condition of the Company, and are in accordance with the relevant generally accepted accounting principles (GAAP).
3. Review the Company's annual and interim earnings releases before their public release by the Company.
4. Review any reports or other financial information submitted to any securities regulator, stock exchange or other authority or released to the shareholders or the public, including any certification, report, prospectus, opinion or review rendered by the external auditors.
5. Review related compliance policies and reports received from regulators.
6. If the Company is required to file an Annual Information Form ("AIF"), review certain disclosure in the AIF as required by Form 52-110F1 including in respect of this Committee's Charter, the composition of this

Committee, the education and experience of Members, the reliance on certain exemptions, if applicable, and external auditor service fees.

#### External Auditors

1. Recommend to the Board 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 and compensation to be paid to the external auditors.
2. 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 auditors regarding financial reporting.
3. On an annual basis, obtain from the external auditors a formal written statement delineating all relationships between the auditors and the Company, in accordance with *Independence Standards Board Standard No. 1*.
4. On an annual basis, review and discuss with the external auditors all significant relationships or services that may impact the auditors' independence and objectivity.
5. Review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant, recognizing the auditor's ultimate accountability to the Board.
6. Periodically consult with the external auditors out of the presence of management about internal controls and the fullness and accuracy of the financial statements.
7. Approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor.

#### Financial Reporting Processes

1. In consultation with the external auditors, review the scope and integrity of the financial reporting processes, both internal and external.
2. Consider the external auditors' judgments about the quality and appropriateness of the accounting principles as applied in the Company's financial reporting.
3. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the external auditors or management.
4. Monitor the risks that are germane to the industry in which the Company operates including hedging, derivative trading and environmental concerns.
5. Be satisfied 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, other than the public disclosure and the periodic assessment of such procedures.

#### Process Improvement

1. Establish procedures for: (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
2. Establish a system of reporting to the Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
3. Following completion of the annual audit, review separately with each of management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
4. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
5. Review with the external auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

#### Legal Compliance

1. Ensure that management has the proper review system in place so that the Company's financial statements, reports and other financial information satisfy all legal and regulatory requirements.
2. Review the qualifications of the accounting and financial personnel.
3. Review, with the Company's counsel, legal compliance matters including corporate securities trading policies.
4. Review, with the Company's counsel, any legal or regulatory matter that could have a material impact on the Company's financial statements.

## General

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. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities, and retain independent counsel, accountants or other advisers to assist it in the conduct of any such investigation. Perform any other activities consistent with this Charter, the Company's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

### **V. Composition of Meetings**

The Committee shall meet at the discretion of the Chairperson or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, and a majority of the members of the Committee shall constitute a quorum. The Committee shall meet at the minimum, annually with management and the external auditors in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. The Committee has the authority to approve interim, unaudited financial statements and management's discussion and analysis for dissemination to shareholders and filing on SEDAR either by holding a meeting or by consent resolution. The Committee shall submit the minutes of all meetings of the Committee to, or discuss the matters discussed at each Committee meeting with, the Board of the Company.

The Chairperson will, in consultation with the other members of the Committee and appropriate officers of the Company, establish the agenda for each Committee meeting. Any Member may submit items to be included on the agenda. Members may also raise subjects that are not on the agenda at any meeting. The Chairperson or a majority of the Members may call a meeting of the Committee at any time. A majority of the number of Members selected by the Board will constitute a quorum for conducting business at a meeting of the Committee. The act of a majority of Members present at a meeting at which a quorum is in attendance shall be the act of the Committee, unless a greater number is required by law or the Company's bylaws. The Chairperson will supervise the conduct of the meetings and will have other responsibilities as the Committee may specify from time to time. A secretary of the meeting will be selected and will be responsible for transcribing the minutes of the Meeting.

### **VI. Resources**

The Committee shall have complete access to all appropriate Company personnel in order to secure all information necessary to fulfill its duties.

### **VII. Annual Review**

At least annually, the Committee will (a) review this Charter and recommend any changes to the Board and (b) evaluate its own performance against the requirements of this Charter and report the results of this evaluation to the Board. The evaluation will include establishment of the goals and objectives of the Committee for the upcoming year.

**FIRE RIVER GOLD CORP.**

**2012 SHARE OPTION PLAN**

**DATED FOR REFERENCE JUNE 20, 2012**

**1. PURPOSE OF THE PLAN**

The Company hereby establishes a Share Option Plan for directors, senior officers, Employees, and Consultants (as such terms are defined below) of the Company and its subsidiaries (collectively "**Eligible Persons**"), to be known as the "2012 Share Option Plan" (the "**Plan**"). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options to buy shares of the Company as permitted by the policies of the TSX Venture Exchange ("TSX-V") and approved by the Board.

**2. DEFINITIONS**

In this Plan, the following terms shall have the following meanings:

- 2.1 "**Associate**" has the meaning ascribed to such term in TSX-V Policies.
- 2.2 "**Board**" means the board of directors of the Company.
- 2.3 "**Change of Control**" has the meaning ascribed to such term in TSX-V Policies.
- 2.4 "**Company**" means Fire River Gold Corp. and its successors.
- 2.5 "**Consultant**" has the meaning ascribed to such term in TSX-V Policies.
- 2.6 "**Consultant Company**" has the meaning ascribed to such term in TSX-V Policies.
- 2.7 "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
- (a) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or
  - (b) acting as a director or officer of the Company or its subsidiaries.
- 2.8 "**Discounted Market Price**" has the meaning ascribed to such term in TSX-V Policies.
- 2.9 "**Disinterested Shareholder Approval**" means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted meeting of shareholders of the Company, excluding the votes attaching to shares held by and/or beneficially owned by persons with an interest in the subject matter of the resolution.
- 2.10 "**Eligible Persons**" has the meaning given to that term in section 1 hereof.
- 2.11 "**Employee**" has the meaning ascribed to such term in TSX-V Policies.
- 2.12 "**Expiry Date**" means the date set by the Board under paragraph 3.1 of the Plan, as the last date on which an Option may be exercised.
- 2.13 "**Grant Date**" means the date specified in an Option Agreement as the date on which an Option is granted.
- 2.14 "**Insider**" means .
- (i) an "Insider" as defined in TSX-V Policies or in securities legislation applicable to the Company; or
  - (ii) an Associate of any person who is an Insider by virtue of (i) above.



- 2.15 **"Investor Relations Activities"** means "Investor Relations Activities" as defined in the TSX Policies.
- 2.16 **"Joint Actor"** means a person "acting jointly or in concert" with another person as that phrase is interpreted in Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*.
- 2.17 **"Management Company Employee"** has the meaning ascribed to such term in TSX-V Policies.
- 2.18 **"Market Price"** of Shares at any Grant Date means the last closing price per Share on the last day on which Shares were traded prior to the day on which the Company announces the grant of the Option or, if the grant is not announced, on the Grant Date, or if the Shares are not listed on any stock exchange, "Market Price" of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.
- 2.19 **"Option"** means an option to purchase Shares granted pursuant to this Plan.
- 2.20 **"Option Agreement"** means an agreement, in the form attached hereto as Schedule "A", whereby the Company grants to an Optionee an Option.
- 2.21 **"Optionee"** means each of the Eligible Persons granted an Option pursuant to this Plan and their permitted heirs, executors and administrators.
- 2.22 **"Option Price"** means the price per Share specified in an Option Agreement, as adjusted from time to time in accordance with the provisions of section 5.
- 2.23 **"Option Shares"** means the aggregate number of Shares which an Optionee may purchase under an Option.
- 2.24 **"Plan"** means this 2012 Share Option Plan.
- 2.25 **"Shares"** means the common shares in the capital of the Company as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5, "Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- 2.26 **"Securities Act"** means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof.
- 2.27 **"TSX-V"** means the TSX Venture Exchange and any successor thereto.
- 2.28 **"TSX-V Policies"** means the rules and policies of the TSX-V as set out in the TSX-V's Corporate Finance Manual (as amended from time to time) and "TSX-V Policy" means any one of them.
- 2.29 **"Unissued Option Shares"** means the number of Shares, at a particular time, which have been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.
- 2.30 **"Vested"** means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

### **3. GRANT OF OPTIONS**

#### **3.1 Option Terms**

The Board may from time to time authorize the issue of Options to Eligible Persons. The Option Price under each Option shall not be less than the Discounted Market Price on the Grant Date. The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten (10) years after the Grant Date, subject to the operation of paragraph 4.5. Options shall not be assignable (or transferable) by the Optionee.

#### **3.2 Eligibility**

Options to purchase Shares may be granted under this Plan to Eligible Persons from time to time by the Board. An Eligible Person that is a corporate entity will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its shares, nor issue more of its shares (so as to indirectly transfer the

benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX-V and the Company is first obtained.

### **3.3 Previously Granted Options**

In the event that on the date this Plan is implemented and effective (the "**Effective Date**") there are outstanding stock options (the "**Pre-Existing Options**") that were previously granted by the Company pursuant to any Share Option Plan in place prior to the Effective Date (a "**Pre-Existing Plan**"), all such Pre-Existing Options shall, effective as of the Effective Date, be governed by and subject to the terms of the Plan.

### **3.4 Limits on Shares Issuable on Exercise of Options**

At the time of grant of any Option, the aggregate number of Shares reserved for issuance under the Plan which may be made subject to Options at any time and from time to time (including those issuable upon the exercise of Pre-Existing Options) shall not exceed 10% of the total number of issued and outstanding Shares, on a non-diluted basis, as constituted on the Grant Date of such Option.

The number of Shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, within a one-year period:

- (a) to any one Optionee, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, unless the Company has obtained Disinterested Shareholder Approval;
- (b) to Insiders as a group shall not exceed 10% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis;
- (c) to any one Consultant shall not exceed 2% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis;
- (d) to all Eligible Persons who undertake Investor Relations Activities shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and
- (e) no Options can be granted under this Plan (i) while the Company is on notice from the TSX-V that the TSX-V will transfer its listing to NEX; and (ii) while the Company's shares trade on NEX.

### **3.5 Option Agreements**

Each Option shall be confirmed by the execution of an Option Agreement. Subject to specific variations approved by the Board, all terms and conditions set out in this Plan shall be deemed to be incorporated into and form a part of an Option Agreement made hereunder. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. In respect of Options granted to Employees, Consultants, or Consultant Companies, the Company is representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, or Consultant Company, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan.

## **4. EXERCISE OF OPTION**

### **4.1 When Options May be Exercised**

Subject to paragraphs 4.3, 4.4 and 4.5, an Option may be exercised to purchase any number of Option Shares up to the number of Vested Unissued Option Shares at any time after the Grant Date up to 4:00 p.m. Pacific Time on the Expiry Date and shall not be exercisable thereafter.

### **4.2 Manner of Exercise**

The Option shall be exercisable by delivering to the Company a notice specifying the number of Option Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Option Share. Upon notice and payment there will be a binding contract for the issue of the Option Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery of the Optionee's cheque

payable to the Company in the amount of the Option Price shall constitute payment of the Option Price unless the cheque is not honoured upon presentation in which case the Option shall not have been validly exercised.

#### 4.3 Vesting of Option Shares

The Board, subject to the policies of the TSX-V, may determine and impose terms upon which each Option shall become Vested in respect of Option Shares. Unless otherwise specified by the Board at the time of granting an Option, and subject to the other limits on Option grants set out in paragraph 3.4 hereof, all Options granted under the Plan shall vest and become exercisable in full upon grant, except Options granted to Consultants performing Investor Relations Activities, which Options must vest in stages over twelve months with no more than one-quarter of the Options vesting in any three month period. Notwithstanding the foregoing, in the event that a Pre-Existing Plan imposed vesting requirements on a Pre-Existing Option, such vesting requirements must be satisfied before any such Pre-Existing Options shall become Vested.

#### 4.4 Termination of Employment

If an Optionee ceases to be an Eligible Person, his or her Option shall be exercisable as follows:

(a) Death or Disability

If the Optionee ceases to be an Eligible Person, due to his or her death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of:

- (i) 365 days after the date of death or Disability; and
- (ii) the Expiry Date.

(b) Termination For Cause

If the Optionee ceases to be an Eligible Person as a result of termination for cause of such Optionee by the Company or its subsidiary (or in the case of an Optionee who is a Management Company Employee or Consultant, by the Optionee's employer), any outstanding Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under any retirement policy that may be in force, or due to his or her voluntary resignation, or to his or her termination by the Company or its subsidiary other than for cause, any outstanding Option then held by such Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of: (i) the Expiry Date; (ii) the date that is 90 days (or 30 days if the Optionee was engaged in Investor Relations Activities) after the Optionee ceases to be an Eligible Person, or (iii) within a reasonable time after the Eligible Person ceases to be employed by the Company.

(d) Spin-Out Transactions

If pursuant to the operation of sub-paragraph 5.3(c) an Optionee receives options (the "**New Options**") to purchase securities of another company (the "**New Company**") in respect of the Optionee's Options (the "**Subject Options**"), the New Options shall expire on the earlier of: (i) the Expiry Date of the Subject Options; (ii) if the Optionee does not become an Eligible Person in respect of the New Company, the date that the Subject Options expire pursuant to sub-paragraph 4.4(a), (b) or (c), as applicable; (iii) if the Optionee becomes an Eligible Person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company's Share Option Plan that correspond to sub-paragraphs 4.4(a), (b) or (c) hereof; and (iv) the date that is two (2) years after the Optionee ceases to be an Eligible Person in respect of the New Company or such shorter period as determined by the Board.

For purposes of this paragraph 4.4, the dates of death, disability, termination, retirement, voluntary resignation, ceasing to be an Eligible Person and incapacity shall be interpreted to be without regard to any period of notice (statutory or otherwise) or whether the Optionee or his or her estate continues thereafter to receive any compensatory payments from the Company or is paid salary by the Company in lieu of notice of termination.

For greater certainty, an Option that had not become Vested in respect of certain Unissued Option Shares at the time that the relevant event referred to in this paragraph 4.4 occurred, shall not be or become Vested or exercisable in respect of such Unissued Option Shares and shall be cancelled unless an employment agreement between the Company and the Optionee states otherwise.

#### **4.5 Extension of Expiry Date During Black-Out Period**

If the Expiry Date in respect of any Option occurs during or within five (5) trading days following a trading black-out period imposed by the Company, the Expiry Date of the Option shall be automatically extended to the date that is ten (10) trading days following the end of such black-out period (the "**Extension Period**"); provided that if an additional black-out period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional black-out period to enable the exercise of such Options within ten (10) trading days following the end of the last imposed black-out period.

#### **4.6 Effect of a Take-Over Bid**

If a *bona fide* offer (an "**Offer**") for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of Subsection 1(1) of the Securities Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon (subject to the approval of the TSX-V) all Option Shares subject to such Option will become Vested and the Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of sub-paragraph (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become Vested pursuant to paragraph 4.3 shall be reinstated. If any Option Shares are returned to the Company under this paragraph 4.6, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

#### **4.7 Acceleration of Expiry Date**

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Board may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, Vested, and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer, provided that any accelerated vesting of Options granted to Consultants performing Investor Relations Activities shall be subject to the prior written approval of the TSX-V. The Board shall give each Optionee as much notice as possible of the acceleration of the Options under this paragraph, except that not less than 5 business days' and not more than 35 days' notice is required.

#### **4.8 Compulsory Acquisition or Going Private Transaction**

If and whenever, following a take-over bid or issuer bid, there shall be a compulsory acquisition of the Shares of the Company pursuant to Division 6 of the *Business Corporations Act* (British Columbia) or any successor or similar legislation, or any amalgamation, merger or arrangement in which securities acquired in a formal take-over bid may be voted under the conditions described in Section 8.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, then following the date upon which such compulsory acquisition, amalgamation, merger or arrangement is effective, an Optionee shall be entitled to receive, and shall accept, for the same exercise price, in lieu of the number of Shares to which such Optionee was theretofore entitled to purchase upon the exercise of his or her Options, the aggregate amount of cash, shares, other securities or other property which such Optionee would have been entitled to receive as a result of such bid if he or she had tendered such number of Shares to the take-over bid.

#### **4.9 Effect of a Change of Control**

If a Change of Control occurs, all Option Shares subject to each outstanding Option will become Vested, whereupon such Option may be exercised in whole or in part by the Optionee, subject to the approval of the TSX-V, if necessary.

#### **4.10 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement**

If the Optionee retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not Vested at that time or which, if Vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

#### **4.11 Shares Not Acquired**

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired or been duly cancelled may be made the subject of a further Option pursuant to the provisions of the Plan.

### **5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES**

#### **5.1 Share Reorganization**

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "**Share Reorganization**") then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
  - (i) the Option Price in effect immediately before that effective date or record date; and
  - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in clause (a)(ii).

#### **5.2 Special Distribution**

Subject to the prior approval of the TSX-V, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board has determined to be outside the normal course); or
- (d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "**Special Distribution**"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as

is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

### **5.3 Corporate Organization**

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in paragraphs 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities;
- (c) an arrangement or other transaction under which, among other things, the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company, or securities of another company, or both; or
- (d) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation;

(any such event being herein called a "**Corporate Reorganization**") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he or she would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he or she would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, the Optionee had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Board.

### **5.4 Determination of Option Price and Number of Unissued Option Shares**

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Board may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

### **5.5 Regulatory Approval**

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of paragraphs 5.1, 5.2 or 5.3 is subject to the approval of the TSX-V and any other governmental authority having jurisdiction.

## **6. MISCELLANEOUS**

### **6.1 Right to Employment**

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

### **6.2 Necessary Approvals**

The Plan shall be effective only upon the approval of the shareholders of the Company given by way of an ordinary resolution. Any Options granted under this Plan prior to such approval shall only be exercised upon the receipt of such approval. Disinterested Shareholder Approval (as required by the TSX-V) will be obtained for any reduction in the exercise price of any Option granted under this Plan if the Optionee is an Insider of the Company at the time of the proposed amendment. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of the TSX-V and any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to obtain such approval,

then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

### **6.3 Administration of the Plan**

The Board shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in paragraph 5.4, the interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

### **6.4 Withholding Taxes**

The Company or any subsidiary of the Company may take such steps as are considered necessary or appropriate for the withholding and/or remittance of any taxes which the Company or any subsidiary of the Company is required by any law or regulation of any governmental authority whatsoever to withhold and/or remit in connection with any Option or Option exercise including, without limiting the generality of the foregoing, the withholding and/or remitting of all or any portion of any payment or the withholding of the issue of Shares to be issued upon the exercise of any Option until such time as the Optionee has paid to the Company or any subsidiary of the Company, in addition to the exercise price payable for the exercise of Options, the amount which the Company or subsidiary of the Company reasonably determines is required to be withheld and/or remitted with respect to such taxes.

### **6.5 Amendments to the Plan**

The Board may from time to time, subject to applicable law and to the prior approval, if required, of the shareholders, the TSX-V or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee.

### **6.6 Form of Notice**

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

### **6.7 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

### **6.8 Compliance with Applicable Law**

If any provision of the Plan or any Option Agreement contravenes the TSX-V policies, or any law or any order, policy, by-law or regulation of any regulatory body or exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

### **6.9 No Assignment**

No Optionee may assign any of his or her rights under the Plan or any option granted thereunder.

### **6.10 Rights of Optionees**

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

**6.11 Conflict**

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

**6.12 Governing Law**

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the province of British Columbia.

**6.13 Time of Essence**

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

**6.14 Entire Agreement**

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.