



CANADA COAL INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

August 27, 2014

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CANADA COAL INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders of the common shares (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of Canada Coal Inc. (the “**Corporation**”) will be held at the offices of Aird & Berlis LLP, Barristers & Solicitors, Brookfield Place, Suite 1800, 181 Bay Street, Toronto, Ontario M5J 2T9 on Thursday, September 25, 2014 at the hour of 10:00 a.m., local time for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended September 30, 2013, together with the report of the auditor thereon;
2. to elect the directors of the Corporation;
3. to appoint McGovern, Hurley, Cunningham, LLP, Chartered Accountants, as auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix its remuneration;
4. to consider and, if thought appropriate, pass with or without variation, a resolution approving the Corporation’s rolling stock option plan, as more fully described in the accompanying management information circular dated August 27, 2014 (the “**Circular**”); and
5. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

A Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its duly executed form of proxy with the Corporation’s transfer agent and registrar, Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 or by fax at 1-866-249-7775 (within North America) or 1-416-263-9524 (outside North America), on or before 10:00 a.m. on Tuesday, September 23, 2014 or deliver it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting.

Shareholders who are unable to be present personally at the Meeting are urged to sign, date and return the enclosed form of proxy in the envelope provided for that purpose. If you plan to be present personally at the Meeting, you are requested to bring the enclosed form of proxy for identification. The record date for the determination of those Shareholders entitled to receive the Notice of Annual and Special Meeting of Shareholders and to vote at the Meeting is the close of business on Monday, August 25, 2014.

DATED at Toronto, Ontario this 27th day of August, 2014.

BY ORDER OF THE BOARD

“*R. Bruce Duncan*”

R. Bruce Duncan
Executive Chairman and Director

CANADA COAL INC.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Canada Coal Inc. (the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of holders (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of common shares in the capital of the Corporation (“**Common Shares**”) to be held at the time and place and for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the “**Notice**”). The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation.

Except as noted below, the Corporation has distributed or made available for distribution, copies of the Notice, the Circular and form of proxy or voting instruction form (if applicable) (the “**Meeting Materials**”) to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “**Intermediaries**”) for distribution to Beneficial Shareholders (as defined below) whose Common Shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Corporation has elected to pay for the delivery of the Meeting Materials to objecting Beneficial Shareholders by the Intermediaries. The Corporation is sending proxy-related materials directly to non-objecting Beneficial Shareholders, through the services of its transfer agent and registrar, Equity Financial Trust Company. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Corporation if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Corporation will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Corporation is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered Shareholders or Beneficial Shareholders.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for such Shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Corporation’s transfer agent and registrar, Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 or by fax at 1-866-249-7775 (within North America) or 1-416-263-9524 (outside North America), not later than the close of business on Tuesday, September 23, 2014 or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered Shareholder or his, her or its attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by Shareholders for use at the Meeting may be revoked prior to their use:

- a) by depositing an instrument in writing executed by the Shareholder or by such Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation, by

an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:

- (i) at the registered office, 181 Bay Street, Suite 1800, Toronto, Ontario, M5J 2T9, at any time up to and including Tuesday, September 23, 2014; or
 - (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- b) in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares, or non-objecting beneficial owners whose names has been provided to the Corporation's registrar and transfer agent, can be recognized and acted upon at the Meeting. The information set forth in this section is therefore of significant importance to a substantial number of Shareholders who do not hold their Common Shares in their own name (referred to in this section as "**Beneficial Shareholders**"). If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in such Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common Shares held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Corporation to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails

the voting instruction forms or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the voting instruction forms or proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy or voting instruction form from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their own Common Shares as proxyholder for the Intermediary should enter their own names in the blank space on the management form of proxy or voting instruction form provided to them and return the same to their Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the Meeting. **Beneficial Shareholders should carefully follow the instructions of their Intermediaries and their service companies.**

All references to shareholders in this Circular and the accompanying form of proxy and Notice are to Shareholders of record unless specifically stated otherwise.

NOTE TO NON-OBJECTING BENEFICIAL OWNERS

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

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation has fixed the close of business on Monday, August 25, 2014 as the record date (the “**Record Date**”) for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 43,449,750 Common Shares carrying the right to one vote per share at the Meeting were issued and outstanding. The Corporation has no other class of voting securities.

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Circular, the only persons who beneficially own, or control or direct, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to the Common Shares are as follows:

Name	Number of Shares Owned (Percentage of Class and Type of Ownership)	
	Common Shares	Percentage of Voting Rights
AlphaNorth Asset Management	7,395,000	17.0%

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The general objectives of the Corporation's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; and (c) attract and retain highly qualified executive officers.

Elements of Compensation

Base Salary

Each Named Executive Officer (as such term is defined below) receives a base salary, which constitutes a significant portion of the Named Executive Officer's compensation package. Base salary is recognition for discharging day to day duties and responsibilities and reflects the Named Executive Officer's performance over time, as well as that individual's particular experience and qualifications. A Named Executive Officer's base salary is reviewed by the board of directors of the Corporation (the "**Board**") on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years.

Stock Options

The Corporation's directors, officers, employees and consultants, if any, are eligible under the Corporation's stock option plan (the "**Stock Option Plan**") to receive grants of stock options. The Stock Option Plan is an important part of the Corporation's long-term incentive strategy for its officers and directors, permitting them to participate in appreciation of the market value of the Common Shares over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of the stock option grants to officers and directors is dependent on each officer's and director's level of responsibility, authority and importance to the Corporation and to the degree to which such officer's or director's long term contribution to the Corporation will be key to its long term success.

The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Stock Option Plan aligns the interests of the Named Executive Officers and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Corporation.

Options are granted by the Board of the Corporation. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the Named Executive Officers. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board will make these determinations subject to and in accordance with the provisions of the Stock Option Plan.

The Stock Option Plan was approved by shareholders at the annual and special meeting of shareholders held on June 27, 2013.

Compensation of Directors

The independent directors of the Board will recommend how much, if any, cash compensation will be paid to directors for services rendered by directors, in such capacity, to the Corporation. The directors of the Corporation may be paid cash compensation commensurate with the prevailing level of compensation for directors in the same industry in which the Corporation operates. Despite this, the directors of the Corporation did not receive cash compensation for their services during the financial year ended September 30, 2013, but were instead granted options pursuant to the Corporation's stock option plan.

Named Executive Officers who also act as directors of the Corporation will not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such Named Executive Officers in their capacity as executive officers.

Compensation Risk

The Board considers and assesses the implications of risks associated with the Corporation's compensation policies and practices and devotes such time and resources as is believed to be necessary in the circumstances. The Corporation's practice of compensating its officers primarily through a mix of salary and stock options is designed to mitigate risk by: (i) ensuring that the Corporation retains such officers; and (ii) aligning the interests of its officers with the short-term and long-term objectives of the Corporation and its shareholders. As at the date of this Circular, the Board had not identified risks arising from the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

Financial Instruments

The Named Executive Officers and directors are prohibited from purchasing financial instruments, such as 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 of the Corporation granted as compensation or held, directly or indirectly, by a Named Executive Officer or director.

Compensation Governance

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters, the Board has established the Corporate Governance and Compensation Committee (the "**Compensation Committee**") and has approved the charter of the Compensation Committee. The Compensation Committee is composed of E. Richard Klue, Michael B. England and Thomas A. Fenton. Messers. Klue and England are independent as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

The Compensation Committee meets on compensation matters as and when required with respect to executive compensation. The primary goal of Compensation Committee as it relates to compensation matters is to ensure that the compensation provided to the Named Executive Officers is determined with regard to the Corporation's business strategies and objectives, such that the financial interest of the executive officers is aligned with the financial interest of shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. The Compensation Committee is given the authority to engage and compensate any outside advisor that it determines to be necessary to carry out its duties.

To determine compensation payable, the Compensation Committee reviews compensation paid for directors and Chief Executive Officers of companies of similar size and stage of development in the mineral exploration industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. In setting the compensation, the Compensation Committee annually review the performance of the Chief Executive Officer in light of the Corporation's objectives and consider other factors that may have impacted the success of the Corporation in achieving its objectives.

As a whole, the members of the Compensation Committee have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation Committee in making informed decisions on the suitability of the Corporation's compensation policies and practices.

Executive Compensation-Related Fees

In the financial year ending September 30, 2013, neither the Board nor the Compensation Committee retained a compensation consultant or advisor to assist the Board or the Compensation Committee in determining the compensation for any of the Corporation's executive officers' or directors' compensation.

Summary Compensation Table – Named Executive Officers

The following table sets forth the compensation paid or awarded to the following officers of the Corporation: (i) the former President and Chief Executive Officer; (ii) the interim President and Chief Executive Officer; and (iii) the Chief Financial Officer (collectively, the “**Named Executive Officers**”) for the Corporation's financial year ended September 30, 2013. The Corporation has three “executive officers” as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”) whose compensation must be disclosed for such financial year.

Name and principal position	Year	Salary/ Fee	Share-based awards	Option-based awards ⁽¹⁾	Non-equity incentive plan compensation		Pension value	All other compensation	Total compensation
					Annual incentive plans	Long-term incentive plans			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Braum Jonker ⁽²⁾ Former President and Chief Executive Officer	2013	96,000	Nil	Nil	Nil	Nil	Nil	Nil	96,000
	2012	72,000	Nil	196,020	Nil	Nil	Nil	90,000 ⁽³⁾	358,020
R. Bruce Duncan ⁽²⁾ Interim President and Chief Executive Officer	2013	96,000	Nil	Nil	Nil	Nil	Nil	Nil	96,000
	2012	108,000	Nil	196,020	Nil	Nil	Nil	Nil	304,020
Olga Nikitovic, CPA, CA Chief Financial Officer	2013	60,000	Nil	Nil	Nil	Nil	Nil	Nil	60,000
	2012	69,000	Nil	106,920	Nil	Nil	Nil	Nil	175,920

Notes:

(1) The fair value of the stock options issued during the year ended September 30, 2012 has been calculated using the Black-Scholes option pricing model, based on the following assumptions: risk-free interest rate of 1.41%; expected life of 5 years; weighted

expected stock price volatility of 138% and expected dividend yield of Nil. There were no stock options issued during the year ended September 30, 2013 to the above-noted individuals.

(2) Mr. Jonker was appointed the President and Chief Executive Officer of the Corporation effective as of February 23, 2012. Upon the appointment of Mr. Jonker, Mr. Duncan assumed the role of Executive Chairman with immediate effect. Mr. Jonker resigned as President, Chief Executive Officer and Director of the Corporation effective February 28, 2014. Upon Mr. Jonker's resignation, Mr. Duncan assumed the role of interim President and Chief Executive Officer.

(3) Upon his appointment as President and Chief Executive Officer, Mr. Jonker received a signing bonus of \$90,000.

Incentive Plan Awards – Named Executive Officers

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth all share-based and option-based awards outstanding for the Named Executive Officers as of September 30, 2013:

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested ⁽²⁾	Market or payout value of vested share-based awards not paid out or distributed
	(#)	(\$)	(mm/dd/yy)	(\$)	(#)	(\$)	(\$)
Braam Jonker ⁽³⁾ Former President and Chief Executive Officer	500,000	0.20	08/01/16	Nil	Nil	Nil	Nil
	550,000	0.50	11/04/16				
R. Bruce Duncan ⁽³⁾ Interim President and Chief Executive Officer	400,000	0.20	02/21/16	Nil	Nil	Nil	Nil
	550,000	0.50	11/04/16				
Olga Nikitovic, CPA,CA Chief Financial Officer	400,000	0.20	02/21/16	Nil	Nil	Nil	Nil
	300,000	0.50	11/04/16				

Notes:

(1) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$0.04 for the Common Shares on the TSX Venture Exchange (the “Exchange”) on September 27, 2013 (being the last date of trading activity before September 30, 2013) and the exercise price of the options, multiplied by the number of unexercised options.

(2) The “market or payout value of share-based awards that have not vested” is calculated based on the closing price of \$0.04 for the Common Shares on the Exchange on September 27, 2013 (being the last date of trading activity before September 30, 2013) multiplied by the number of shares that have not vested.

(3) Mr. Jonker was appointed the President and Chief Executive Officer of the Corporation effective as of February 23, 2012. Upon the appointment of Mr. Jonker, Mr. Duncan assumed the role of Executive Chairman with immediate effect. Mr. Jonker resigned as President, Chief Executive Officer and Director of the Corporation effective February 28, 2014. Upon Mr. Jonker's resignation, Mr. Duncan assumed the role of interim President and Chief Executive Officer.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned for each Named Executive Officer during the year ended September 30, 2013.

Name & Principal Positions	Option-based awards – Value vested during the year⁽¹⁾	Share-based awards – Value vested during the year⁽²⁾	Non-equity incentive plan compensation – Value earned during the year
	(\$)	(\$)	(\$)
Braam Jonker ⁽³⁾ Former President and Chief Executive Officer	Nil	Nil	Nil
R. Bruce Duncan ⁽³⁾ Interim President and Chief Executive Officer	Nil	Nil	Nil
Olga Nikitovic, CPA, CA Chief Financial Officer	Nil	Nil	Nil

Notes:

(1) The “option-based awards – value vested during the year” is calculated based on the difference between the closing price for the Common Shares on the Exchange as of the date of vesting and the exercise price of the options, multiplied by the number of vested options.

(2) The “share-based awards – value vested during the year” is calculated based on the closing price on the date of vesting multiplied by the number of shares vested.

(3) Mr. Jonker was appointed the President and Chief Executive Officer of the Corporation effective as of February 23, 2012. Upon the appointment of Mr. Jonker, Mr. Duncan assumed the role of Executive Chairman with immediate effect. Mr. Jonker resigned as President, Chief Executive Officer and Director of the Corporation effective February 28, 2014. Upon Mr. Jonker's resignation, Mr. Duncan assumed the role of interim President and Chief Executive Officer.

Termination and Change of Control Benefits

R. Bruce Duncan

From March 1, 2011, R. Bruce Duncan's services as Chief Executive Officer of the Corporation were provided under a consulting services agreement (the “**Duncan Agreement**”). At the completion of the Corporation's qualifying transaction, Braam Jonker was appointed Chief Executive Officer of the Corporation, and Mr. Duncan assumed the role of Executive Chairman, both appointments effective as of February 23, 2012. Other than the change in title and role, the terms of the Duncan Agreement otherwise remained unchanged following the appointment of Mr. Duncan as Executive Chairman.

Mr. Duncan's salary is currently \$8,000 per month. Pursuant to the Duncan Agreement, Mr. Duncan is entitled to a salary of \$12,000 per month but has voluntarily reduced his salary by \$4,000 per month effective as of January 1, 2012. In addition to his salary, Mr. Duncan is entitled to stock option grants as determined by the Board of the Corporation. Furthermore, the Corporation reimburses Mr. Duncan for reasonable out-of-pocket expenses incurred by him on behalf of the Corporation. The original term of the Duncan Agreement was for a two year period commencing on March 1, 2011 and ending on February 28, 2013, which term automatically renews for successive one year terms.

If the Agreement is terminated by the Corporation without cause, then the Corporation will be required to pay Mr. Duncan an amount equal to \$96,000. In the event of a Triggering Event (as defined below), then the Corporation will be required to pay Mr. Duncan an amount equal to \$192,000. In the event of a Triggering Event or termination without cause, any options held by Mr. Duncan under the Stock Option Plan shall immediately become vested and exercisable and Mr. Duncan's options shall remain exercisable for the remainder of their term.

Assuming an event of termination occurred on September 27, 2013, the Corporation would have been obligated to pay Mr. Duncan an amount equal to \$96,000 assuming the Duncan Agreement was terminated without cause, or an amount equal to \$192,000 assuming the Duncan Agreement was terminated as a result of a Triggering Event.

Olga Nikitovic

From March 1, 2011, Olga Nikitovic's services as Chief Financial Officer have been provided under a consulting services agreement (the "**Nikitovic Agreement**"). Ms. Nikitovic's salary is currently \$5,000 per month. Pursuant to the Nikitovic Agreement, Ms. Nikitovic is entitled to a salary of \$8,000 per month but has voluntarily reduced her salary by \$3,000 per month effective as of January 1, 2012. In addition to her salary, Ms. Nikitovic is entitled to stock option grants as determined by the Board of the Corporation. Furthermore, the Corporation reimburses Ms. Nikitovic for reasonable out-of-pocket expenses incurred by her on behalf of the Corporation. The original term of the Nikitovic Agreement was for a two year period commencing on March 1, 2011 and ending on February 28, 2013, which term automatically renews for successive one year terms.

If the Nikitovic Agreement was terminated by the Corporation without cause, then the Corporation will be required to pay Ms. Nikitovic an amount equal to \$60,000. In the event of a Triggering Event (as defined below), the Corporation will be required to pay Ms. Nikitovic an amount equal to \$120,000. In the event of a Triggering Event or a termination without cause, any options held by Ms. Nikitovic under the Stock Option Plan shall immediately become vested and exercisable and Ms. Nikitovic's options shall remain exercisable for the remainder of their term.

For the purposes of the Nikitovic Agreement and the Duncan Agreement, a "Triggering Event" includes (i) a successful take-over bid of the Corporation by another entity, (ii) a change of control of the board of directors being the election by the Corporation's shareholders of less than a majority of directors put forward by the Corporation, (iii) the sale of substantially all of the assets of the Corporation, (iv) the sale, exchange or disposition of a majority of the outstanding Common Shares, (v) the termination of the Corporation's business or liquidation of its assets, or (vi) a merger or amalgamation where the Corporation's shareholders prior to such transaction hold less than 51% of the closing of the transaction.

Assuming an event of termination occurred on September 27, 2013, the Corporation would have been obligated to pay Ms. Nikitovic an amount equal to \$60,000 assuming the Nikitovic Agreement was terminated without cause, or an amount equal to \$120,000 assuming the Nikitovic Agreement was terminated as a result of a Triggering Event.

Braam Jonker

Braam Jonker resigned as President and Chief Executive Officer of the Corporation effective February 28, 2014. From February 23, 2012 until the time of his resignation, Braam Jonker's services as President and Chief Executive Officer were provided pursuant to the terms of an employment letter (the "**Jonker Agreement**"). Pursuant to the Jonker Agreement, Mr. Jonker was paid a signing bonus of \$90,000 by the

Corporation, and effective as of February 23, 2012, received a salary of \$8,000 per month. The Jonker Agreement had no termination or change of control provisions and therefore upon his resignation, Mr. Jonker was not entitled to any termination or change of control benefits.

Director Compensation

No cash compensation was paid to the directors of the Corporation in their capacity as directors during the financial year ended September 30, 2013. The directors of the Corporation are eligible to receive options to purchase Common Shares pursuant to the terms of the Stock Option Plan.

The following table sets forth all amounts of compensation provided to the directors of the Corporation during the financial year ended September 30, 2013:

Name ⁽¹⁾	Year	Fees (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽²⁾	Non-equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long Term Incentive Plans (\$)			
Senator Michael L. MacDonald ⁽⁴⁾	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Thomas A. Fenton	2013	Nil	Nil	Nil	Nil	Nil	Nil	16,355 ⁽³⁾	16,355
E. Richard Klue	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
William F. Lindqvist ⁽⁴⁾	2013	Nil	Nil	6,049 ⁽³⁾	Nil	Nil	Nil	Nil	6,049

Notes:

(1) Information regarding the compensation of Messers. Duncan and Jonker is set out above under "Summary Compensation Table -- Named Executive Officers".

(2) The fair value of the stock options issued during the year ended September 30, 2013 has been calculated using the Black-Scholes option pricing model, based on the following assumptions: risk-free interest rate of 1.77%; expected life of 5 years; weighted expected stock price volatility of 109% and expected dividend yield of Nil.

(3) Represents professional fees paid in connection with legal services provided to the Corporation by Aird & Berlis LLP, a law firm of which Mr. Fenton is a partner.

(4) Messers. Lindqvist and MacDonald resigned as directors of the Corporation in April of 2014.

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

The following table sets forth all awards outstanding for each of the directors of the Corporation as of September 30, 2013:

Name ⁽¹⁾	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options ⁽²⁾	Number of shares or units of shares that have not	Market or payout value of share based awards that have not	Market or payout value of vested share-based awards not paid out or
	(#)	(\$)	(mm/dd/yy)	(\$)	(#)	(\$)	(\$)
Senator Michael L. MacDonald ⁽³⁾	100,000	0.20	02/21/16	Nil	Nil	Nil	Nil
	100,000	0.50	11/04/16				
Thomas A. Fenton	100,000	0.20	02/21/16	Nil	Nil	Nil	Nil
	100,000	0.50	11/04/16				
E. Richard Klue	200,000	0.50	11/01/16	Nil	Nil	Nil	Nil
William F. Lindqvist ⁽³⁾	200,000	0.20	07/02/18	Nil	Nil	Nil	Nil

Notes:

- (1) Information regarding the compensation of Messers. Duncan and Jonker is set out above under “Summary Compensation Table -- Named Executive Officers”.
- (2) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$0.04 for the Common Shares on the Exchange on September 27, 2013 (being the last date of trading activity before September 30, 2013) and the exercise price of the options, multiplied by the number of unexercised options.
- (3) Messers. Lindqvist and MacDonald resigned as directors of the Corporation in April of 2014.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of all incentive plan awards vested or earned by each director of the Corporation during the year ended September 30, 2013:

Name ⁽¹⁾	Option-based awards – Value vested during the year ⁽²⁾	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
	(\$)	(\$)	(\$)
Senator Michael L. MacDonald ⁽³⁾	Nil	Nil	Nil
Thomas A. Fenton	Nil	Nil	Nil
E. Richard Klue	Nil	Nil	Nil
William F. Lindqvist ⁽³⁾	Nil	Nil	Nil

Notes:

- (1) Information regarding the compensation of Messers. Duncan and Jonker is set out above under “Summary Compensation Table -- Named Executive Officers”.
- (2) The “value vested during the year” is calculated based on the difference between the closing price for the Common Shares on the Exchange as of the date of vesting and the exercise price of the options, multiplied by the number of vested options.
- (3) Messers. Lindqvist and MacDonald resigned as directors of the Corporation in April of 2014.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding the number of Common Shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the Stock Option Plan as at September 30, 2013:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issuance under equity compensation plans
	#	\$	#
Equity compensation plans approved by security holders	3,859,975	0.34	485,000
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	3,859,975	0.34	485,000

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, no individual who is an executive officer, director, employee or former executive officer, director or employee of the Corporation or any of its subsidiaries is indebted to the Corporation or any of its subsidiaries pursuant to the purchase of securities or otherwise.

No individual who is, or at any time during the financial year ended September 30, 2013 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate of any such director, executive officer or proposed nominee, was indebted to the Corporation or any of its subsidiaries during the financial year ended September 30, 2013 or as at the date of this Circular in connection with security purchase programs or other programs.

REPORT ON CORPORATE GOVERNANCE

Maintaining a high standard of corporate governance is a priority for the Board and the Corporation's management as both believe that effective corporate governance will help create and maintain shareholder value in the long term. A description of the Corporation's corporate governance practices, which addresses the matters set out in NI 58-101, is set out at Schedule "A" to this Circular.

AUDIT COMMITTEE

The Audit Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and accounting compliance, the audit process and processes for identifying, evaluating and monitoring the management of the Corporation's principal risks impacting financial reporting. The committee also assists the Board with the oversight of financial strategies and overall risk management.

The Audit Committee is composed of E. Richard Klue, Michael B. England and R. Bruce Duncan, each of whom is a director of the Corporation. In accordance with Exchange Policy 3.1, the majority of the Audit Committee are not employees, Control Persons (as defined by the rules and policies of the Exchange) or officers of the Corporation.

Two of the three members of the Audit Committee are “independent” as such term is defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). The Corporation is of the opinion that all three members of the Audit Committee are “financially literate” as such term is defined in NI 52-110. A copy of the charter of the Audit Committee (the “**Audit Committee Charter**”) is attached as Schedule “A” to this Circular.

Relevant Education and Experience

All of the current members of the Audit Committee have the education and/or practical experience required to understand and evaluate financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements.

E. Richard Klue

E. Richard Klue has a financial degree with Economics and Business Economics majors. He has served the mining and minerals industry for more than 30 years in the areas of operations, sustaining capital projects, project development and management. He has served a wide range of positions from being Plant Superintendent and Metallurgical Manager on operating mines in Namibia and South Africa to his current position as Senior Vice President for the Tetra Tech Global Mining Practice’s Canada Mining Practice which includes the UK and China. Mr. Klue has provided global strategic direction to the Mining and Minerals industry in operations, studies and projects, and has promoted and developed new technologies in the Americas, Canada, Africa, India, Russia, Europe and China. Mr. Klue formerly held the position of Executive Committee Member of Messina Investments Ltd., and Director of Bateman Canada Corp.

Michael B. England

Mr. England is currently a director and the Chief Executive Officer of four reporting companies, and a director of two other reporting issuers, all of whom are listed on the TSX Venture Exchange. Mr. England has been a director and executive officer of numerous junior mining companies since 2001, and serves as a member of the audit committee on many of these companies. Mr. England is also the director and President of England Communications Ltd., a private company which offers management services to several reporting companies involved in mining exploration. As a result of these years of experience, Mr. England is very familiar with the breadth and complexity of issues that face the Corporation, and in particular, the accounting issues that may be raised by the financial statements of the Corporation.

R. Bruce Duncan

Aside from his current role as interim President and Chief Executive Officer and Director of the Corporation, Mr. Duncan is currently the CEO and a Director of Evolving Gold Corp., Chairman of the Board and CEO of Canada Carbon Inc., and Director of GeoNovus Minerals Corp. Mr. Duncan has and continues to serve on the audit committees of several public companies operating in the mining sector. Mr. Duncan is also the President of West Oak Capital Partners Inc., a company that focuses on mergers, acquisitions and corporate financings.

By virtue of his public company and investment industry experience, Mr. Duncan has had exposure to financings, budgeting and accounting and has sufficient training in business and the financial acumen to be considered financially literate.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Corporation's external auditors not been adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on exemptions in relation to "*De Minimis Non-audit Services*" or any exemption provided by Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

Pursuant to the terms of the Audit Committee Charter, the Audit Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor.

External Auditor Service Fees (By Category)

- a) *Audit Fees* - The Corporation's external auditors billed the Corporation approximately \$33,660 and \$41,200 during the financial years ended September 30, 2013 and 2012, respectively, for audit fees.
- b) *Audit-Related Fees* - The Corporation's external auditors did not bill the Corporation any amount during the financial years ended September 30, 2013 and 2012, respectively, for audit-related fees related to financing activity.
- c) *Tax Fees* - The Corporation's external auditors billed the Corporation approximately \$15,000 and \$Nil during the financial years ended September 30, 2013 and 2012, respectively, for tax fees.
- d) *All Other Fees* - The external auditors did not bill the Corporation any amount during the financial years ended September 30, 2013 and 2012 for services other than those reported above.

Exemption

The Corporation is relying upon the exemption in section 6.1 of NI 52-110.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No "informed person" (as such term is defined in NI 51-102) or proposed nominee for election as a director of the Corporation or any associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction in which the Corporation has participated since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect the Corporation.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Election of Directors

The number of directors on the board of directors of the Corporation to be elected is four (4). It is intended that each person whose name appears below will be nominated at the Meeting for election as a director of the Corporation to hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation. The enclosed form of proxy permits Shareholders to vote for each nominee on an individual basis.

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF EACH OF THE PROPOSED NOMINEES UNLESS A SHAREHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES. MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL BE UNABLE TO SERVE AS DIRECTORS. HOWEVER, IF FOR ANY REASON, ANY OF THE PROPOSED NOMINEES DO NOT STAND FOR ELECTION OR ARE UNABLE TO SERVE AS SUCH, PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES.

The following tables set out certain information as of the date of this Circular (unless otherwise indicated) with respect to the persons being nominated at the Meeting for election as directors. Information regarding Common shares owned by each director of the Corporation is presented to the best knowledge of management of the Corporation and has been furnished to management of the Corporation by such directors.

R. BRUCE DUNCAN		Principal Occupation and Biographical Information	
Mississauga, Ontario Director Since: February 23, 2012 NOT INDEPENDENT		Mr. Duncan is the founder of the Corporation and has over thirty years' experience in the capital market and brokerage industry, including eight years with Gordon Capital Corporation. Mr. Duncan is currently the President of West Oak Capital Partners Inc. which provides strategic advisory services, including identifying and qualifying merger and acquisition candidates and advising in public transactions. Mr. Duncan is also the current Chief Executive Officer and Director of Evolving Gold Corp. (EVG.CSE), Chief Executive Officer and Director of Canada Carbon Inc., (CCB: TSXV), and a Director of GeoNovus Minerals Corp (GNM: TSXV).	
Current Board/Committee Membership		Other Public Board Memberships	
Member of the Board Member of the Audit Committee		Canada Carbon Inc. (TSXV) GeoNovus Minerals Corp. (TSXV) Evolving Gold Corp. (CSE)	
Number of Common Shares Beneficially Owned, Controlled or Directed		2,705,000	

THOMAS A. FENTON		Principal Occupation and Biographical Information	
Mississauga, Ontario Director Since: February 23, 2012 NOT INDEPENDENT	Mr. Fenton is a partner of the Toronto-based law firm Aird & Berlis LLP. Mr. Fenton's practice encompasses corporate finance and mergers and acquisitions. He is a director and/or officer of several public and private companies. Mr. Fenton was called to the bar in 1988 having obtained his LLB degree from the University of Western Ontario in 1986.		
Current Board/Committee Membership		Other Public Board Memberships	
Member of the Board Member of Audit Committee Member of the Corporate Governance and Compensation Committee	Pangolin Diamonds Corp. (TSXV)		
Number of Common Shares Beneficially Owned, Controlled or Directed		136,000	

E. RICHARD KLUE		Principal Occupation and Biographical Information	
Vancouver, British Columbia Director Since: February 23, 2012 INDEPENDENT	<p>(Edward) Richard Klue is a metallurgical engineer by profession and also holds a business degree where he specialized in economics and business economics. Mr. Klue has been in the mining minerals and metals industry for over 30 years, including 18 years in operations, capital & sustaining capital projects, and the last 15 years dedicated to project development and management. Mr. Klue has provided global strategic direction to the mining & minerals' industry for studies and projects and has developed new technologies in the Americas, Canada, Africa, India, Russia, Europe and China. His experience has involved the full mining life cycle – geology, permitting, environmental, mining, processing, infrastructure, tailings, operations, maintenance and closure.</p> <p>Mr. Klue is currently a Senior Manager (SVP) for Tetra Tech Wardrop. Mr. Klue previously held a positions on the Executive Committee for Messina Investments Ltd., Director of Bateman Canada Corp. and General Manager for Bateman's Base Metals Division. He also performed many roles such as Project Director and Project Manager of widely varying scope, with the major accent on metallurgical treatment plant designs and layouts for base metals (zinc, lead, copper, cobalt, nickel, molybdenum), precious metals (gold, silver), diamonds, iron ore, coal, uranium and industrial materials (sulphuric acid and mineral sands).</p>		
Current Board/Committee Membership		Other Public Board Memberships	
Member of the Board Member and Chair of the Audit Committee Member of the Corporate Governance and Compensation Committee	None		
Number of Common Shares Beneficially Owned, Controlled or Directed		Nil	

MICHAEL B. ENGLAND		Principal Occupation and Biographical Information	
British Columbia, Canada Director Since: April 14, 2014 INDEPENDENT		Mr. England has been a self-employed investor relations consultant since January 1995, a director and executive officer of numerous junior mining companies since 2001 and the director and President of England Communications Ltd. a private company that offers management services to several reporting companies involved in mining exploration since 2009. He has served as Officer of Brigadier Gold Limited (August 2001 to September 2004); Director of United Bolero Resources Corp. (October 2002 to March 2006); Director of First Star Resources Inc. from April 2004 to January 2007; President, CEO and Director of Geo Minerals Ltd. from September 2005 to December 2011; President, CEO and Director of GeoNovus Minerals Corp. from December 2011 to Present; Director of Andover Ventures Inc. from February 2006 to December 2007; President and CEO of Andover Ventures Inc. from August 2006 to December 2007; Ashburton Ventures Inc. (director since January 2007, CEO since December 2008, President since September 2009); President, CEO and Director of Alix Resources Corp. since June 2007; President, CEO and Director of GeoNovus Minerals Corp. since December 2011; Director of Kent Exploration Inc. from October 2007 to March 2012; Director of Caribou Copper Resources Ltd. since Sept. 2009 and CEO since February 2011; Director of Zone Resources Inc. from May 2008 to April 2011; Director of Abbastar Resources Corp. from April 2009 to April 2010; Director of BTU Capital Corp. since April 2009; Director of Aintree Resources Corp. since October 2009; Director of Archean Star Resources Inc. from January 2011 to March 2012; President of Discovery Ventures Inc. from November 2011 to June 2012; Director of Alston Ventures Inc. from November 2007 to November 2010 and a Director of Bonaparte Resources Inc. from June 2012 to May 2014.	
Current Board/Committee Membership		Other Public Board Memberships	
Member of the Board Member of the Audit Committee Member of the Corporate Governance and Compensation Committee		GeoNovus Minerals Corp. (TSXV) Alix Resources Corp. (TSXV) Ashburton Ventures Inc. (TSXV) Caribou Copper Resources Ltd. (TSXV) BTU Capital Corp. (TSXV.H) Aintree Resources Corp. (TSXV.H)	
Number of Common Shares Beneficially Owned, Controlled or Directed		Nil	

Corporate Cease Trade Orders

Except as described below, to the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that

occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company.

Mr. Thomas A. Fenton was a former officer (from July 1, 2004 to June 15, 2005) and director (from December 9, 1999 to September 23, 2004) of Hip Interactive Corp. (TSX:HP) which was placed into receivership, by court appointment, on July 11, 2005. A management cease trade order was imposed on certain officers and directors, past and present, on July 11, 2005, for the corporation's failure to file its audited financial statements for its fiscal year ended March 31, 2005. Such statements were to be filed by June 30, 2005, but were not filed and thus a management cease trade order followed.

Consolidated Beacon Resources Ltd. (now known as Zone Resources Inc.), a company of which Michael B. England became a director in May of 2008, was issued a cease trade order dated May 7, 2008, by the Alberta Securities Commission and a cease trade order dated May 14, 2008, by the BC Securities Commission for failing to file annual audited financial statements for the period ending Dec. 31, 2007, within the required time period. Consolidated Beacon Resources Ltd. received a Revocation Order from the Alberta Securities Commission on September 9, 2008 and from the BC Securities Commission on September 9, 2008.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

Bankruptcies, or Penalties or Sanctions

To the knowledge of the Corporation, no proposed director:

- a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) 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;
- b) has, within 10 years before the date of this 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 his assets;
- c) 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
- d) has been subject to any 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.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

2. Appointment of Auditor

Management proposes to nominate McGovern, Hurley, Cunningham, LLP, Chartered Accountants, to hold office until the next annual meeting of Shareholders.

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF MCGOVERN, HURLEY, CUNNINGHAM, LLP, CHARTERED ACCOUNTANTS, AS AUDITOR OF THE CORPORATION AND THE AUTHORIZING OF THE DIRECTORS TO FIX ITS REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

3. Approval of Stock Option Plan

Summary of Stock Option Plan

The policies of the Exchange provide that the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, management company employees and consultants of the Corporation and its Affiliates, non-transferable options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares at the date of the grant.

The purpose of the Stock Option Plan, pursuant to which the Corporation may grant incentive stock options, is to promote the profitability and growth of the Corporation by facilitating the efforts of the Corporation to obtain and retain key individuals. The Stock Option Plan provides an incentive for and encourages ownership of the Common Shares by its key individuals so that they may increase their stake in the Corporation and benefit from increases in the value of the Common Shares. Pursuant to the Stock Option Plan, the maximum number of Common Shares reserved for issuance in any 12 month period to any one optionee other than a consultant may not exceed 5% of the issued and outstanding Common Shares at the date of the grant. The maximum number of Common Shares reserved for issuance in any 12 month period to any consultant may not exceed 2% of the issued and outstanding Common Shares at the date of the grant and the maximum number of Common Shares reserved for issuance in any 12 month period to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding number of Common Shares at the date of the grant.

Incentive stock options may be exercised until the earlier of: (a) the expiry time of such option; and (b) 90 days (or such other period as may be determined by the Board, provided such period is not more than one year) following the date the optionee ceases to be a director, officer or employee of the Corporation or its Affiliates or a consultant or a management company employee, provided that if the cessation of such position or arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Notwithstanding the foregoing, in the event of termination for cause, all options held by such terminated optionee will be cancelled immediately. In the term of any option expires within or immediately following a "blackout period" imposed by the Corporation, the option shall expire on the date that is ten business days following the end of such blackout period. In the event that the Corporation becomes listed on the Toronto Stock Exchange, the Stock Option Plan provides that the Board may grant options which allow an optionee to elect to exercise its option on a "cashless basis", whereby the optionee, instead of making a cash payment for the aggregate exercise price, shall be entitled to be issued such number of Common Shares equal to the number which results when: (i) the difference between the aggregate Fair Market Value of the Common Shares underlying the option and

the aggregate exercise price of such option is divided by (ii) the Fair Market Value of each Common Share. "Fair Market Value" as defined in the Plan means the closing price as reported by the Toronto Stock Exchange (in the event that the Corporation becomes listed on the Toronto Stock Exchange) on the last trading day immediately preceding the exercise date. Options may be granted with a maximum expiry term of 10 years. The Stock Option Plan contains a detailed amending provision that sets out the circumstances where Exchange and Shareholder approval will be required and those circumstances where Exchange and Shareholder approval will not be required.

As at August 27, 2014, a total of **2,809,975** Common Shares were issuable under the Stock Option Plan, representing 6.5% of the issued and outstanding Common Shares.

Approval of the Stock Option Plan

As the Stock Option Plan provides for a rolling maximum number of Common Shares which may be issuable upon the exercise of options granted under the Stock Option Plan, Exchange Policy 4.4 requires that the Stock Option Plan receive shareholder approval each year at the annual shareholders' meeting. Accordingly, Shareholders will be asked to consider and, if thought appropriate, pass a resolution approving the Stock Option Plan. A copy of the Stock Option Plan was attached to the management information circular of the Corporation dated May 30, 2013, and is also available under the Corporation's profile on SEDAR at www.sedar.com.

The Board has unanimously approved the Stock Option Plan and recommends that Shareholders vote FOR the resolution regarding the Stock Option Plan. An affirmative vote of a majority of the votes cast at the Meeting is sufficient to pass the resolution approving the resolution regarding the Stock Option Plan.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

"WHEREAS the policies of the TSX Venture Exchange require annual shareholder approval for the continuation of the rolling stock option plan of the Corporation (the "**Plan**");

RESOLVED THAT:

1. the Plan is hereby authorized and approved; and
2. any one officer and director of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE RESOLUTION TO APPROVE THE PLAN IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY SHAREHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE PLAN.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person or company who is, or at any time during the financial year ended September 30, 2013 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate or affiliate of any such director, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors and the approval of the Plan.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information is provided in the Corporation's audited financial statements and Management's Discussion and Analysis ("MD&A") for the year ended September 30, 2013. In addition, copies of the Corporation's annual financial statements and MD&A and this Circular may be obtained upon request to the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

APPROVAL OF BOARD OF DIRECTORS

The contents of this Circular and the sending of it to each director of the Corporation, to the auditor of the Corporation, to the Shareholders and to the appropriate governmental agencies, have been approved by the directors of the Corporation.

Dated: August 27, 2014

BY ORDER OF THE BOARD

"R. Bruce Duncan"

R. Bruce Duncan
Interim President and Chief Executive Officer and
Director

SCHEDULE A
STATEMENT OF GOVERNANCE PRACTICES

Governance Disclosure Requirement Under the Corporate Governance National Instrument 58-101 (“NI 58-101”)	Comments
Board of Directors	
<p>1. Board of Directors—Disclose how the board of directors (the “Board”) of Bolero Resources Corp. (the “Corporation”) facilitates its exercise of independent supervision over management, including</p> <p>(i) the identity of directors that are independent, and</p> <p>(ii) the identity of directors who are not independent, and the basis for that determination.</p>	<p>The Board currently consists of a total of four directors of which Mr. Klue and Mr. England are considered “independent”, as such term is defined in NI 58-101.</p> <p>Mr Duncan is not considered independent he is an executive officers of the Corporation. Mr. Fenton is not considered independent as he has received fees for acting as legal counsel to the Corporation.</p>
<p>2. Directorships - If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>Please refer to the accompanying management information circular dated August 27, 2014 under the heading “Particulars of Matters to be Acted Upon - Election of Directors”.</p>
Orientation and Continuing Education	
<p>3. Describe what steps, if any, the Board takes to orient new Board members, and describe any measures the Board takes to provide continuing education for directors.</p>	<p>When new directors are appointed, they receive orientation commensurate with their previous experience, on the Corporation’s properties and the responsibilities of directors. Each director ultimately assumes responsibility for keeping himself informed about the Corporation’s business and relevant developments outside the Corporation that affect its business. Management assists directors by providing them with regular updates on relevant developments and other information that management considers of interest to the Board. Directors may also attend other Board committee meetings if they are not active members, to broaden their knowledge base and receive additional information on the Corporation’s business and developments in areas where they are not commonly exposed.</p>
Ethical Business Conduct	
<p>4. Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>To ensure that an ethical business culture is maintained and promoted, directors are encouraged to exercise their independent judgment. If a director has a material interest in any transaction or agreement that the Corporation proposes to enter into, such director is expected to disclose such interest to the Board in compliance with the applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. Further, any director who has a material interest in any proposed transaction or agreement will be excluded from the portion of the Board meeting concerning such matters and will be further precluded from voting on such matters.</p>

Nomination of Directors	
5. Disclose what steps, if any, are taken to identify new candidates for Board nomination, including: (i) who identifies new candidates, and (ii) the process of identifying new candidates.	The Board is responsible for the identification and assessment of potential directors. The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. While no formal nomination procedures are in place to identify new candidates, the Board does review the experience and performance of nominees for election to the Board. Members of the Board are canvassed with respect to the qualifications of a prospective candidate and each candidate is evaluated with respect to his or her experience and expertise, with particular experience and expertise, with particular attention paid to those areas of expertise that could complement and enhance current management. The Board also assesses any potential conflicts, independence or time commitment concerns that the candidate may present.
Compensation	
6. Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including: (i) who determines compensation, and (ii) the process of determining compensation.	The process undertaken by the Board in respect of compensation is more fully described in the "Compensation Discussion and Analysis" section of the accompanying Circular.
Other Board Committees	
7. If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board does not have any standing committees other than the Audit Committee and the Corporate Governance and Compensation Committee.
Assessments	
8. Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.	<p>The Board annually reviews its own performance and effectiveness as well as that of the Audit Committee and the individual directors in fulfilling their respective responsibilities.</p> <p>The Board feels its corporate governance practices are appropriate and effective for the Corporation, given its relatively small size and level of activity. The Corporation's corporate governance structure allows for the Corporation to operate efficiently, with simple checks and balances that control and monitor management and corporate functions without undue administrative burden.</p>

SCHEDULE B
CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

The Audit Committee is a committee of the board of directors (the "**Board**") of the Company. The function of the Audit Committee is to assist the Board in fulfilling its responsibilities to the shareholders of the Company, the securities regulatory authorities and stock exchanges, the investment community and others by:

- (a) reviewing the annual and interim (quarterly) financial statements, related management discussion and analysis ("**MD&A**") and, where applicable, other financial information disclosed by the Company to any governmental body or the public, prior to its approval by the Board;
- (b) overseeing the review of interim (quarterly) financial statements and/or MD&A by the Company's external auditor;
- (c) recommending the appointment and compensation of the Company's external auditor, overseeing the external auditor's qualifications and independence and providing an open avenue of communication among the external auditor, financial and senior management and the Board;
- (d) directly overseeing the work of the external auditor on the audit of annual financial statements; and
- (e) monitoring the Company's financial reporting process and internal controls and compliance with legal and regulatory requirements related thereto.

The Audit Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in Section III of this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles ("**GAAP**"), to conduct investigations, or to assure compliance with laws and regulations or the Company's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

II. COMPOSITION

1. The Audit Committee shall have a minimum of three members.
2. Every Audit Committee member must be a director of the Company. The Audit Committee shall be comprised of such directors as are determined by the Board, each of whom shall be independent within the meaning of National Instrument 52-110 - *Audit Committees* ("**NI 52-110**") of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. Pursuant to the *Business Corporations Act* (Ontario) (the "**OBCA**") the majority of the Audit Committee members must not be officers, nor employees of the Company or any of its affiliates.
3. All members of the Audit Committee must have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices and

otherwise be financially literate within the meaning of NI 52-110 (or exempt therefrom). Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

4. The members of the Audit Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Audit Committee members shall hold office until the next annual meeting of shareholders subsequent to their appointment.
5. Unless a Chair is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.
6. The Secretary of the Audit Committee will be appointed by the Chair.
7. Any member of the Audit Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Audit Committee on ceasing to be a Director. The Board may fill vacancies on the Audit Committee by election from among the directors on the Board. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains.

III. DUTIES AND RESPONSIBILITIES

1. The Audit Committee shall review and recommend to the Board for approval:
 - (a) the Company's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A;
 - (b) press releases of the Company that contain financial information;
 - (c) other financial information provided to any governmental body, stock exchange or the public as they see fit
 - (d) documents referencing, containing or incorporating by reference the annual audited consolidated financial statements or interim financial results (e.g., prospectuses, press releases with financial results and Annual Information Form - when applicable) prior to their release; and
 - (e) any other matter not mentioned herein but otherwise required pursuant to applicable laws, including, without limitation, NI 52-110 and the OBCA.
2. The Audit Committee, in fulfilling its mandate, will:
 - (a) satisfy itself that adequate internal controls and procedures are in place to allow the Chief Executive Officer and the Chief Financial Officer to certify financial statements and other disclosure documents as required under securities laws;
 - (b) review with management relationships with regulators, and the accuracy and timeliness of filing with regulatory authorities (when and if applicable);
 - (c) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures;

- (d) recommend to the Board the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor;
- (e) review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant;
- (f) review the annual audit plans of the internal and external auditors of the Company;
- (g) 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;
- (h) monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion or disagreements between management and the external auditor;
- (i) periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper;
- (j) arrange for the external auditor to be available to the Audit Committee and the full Board as needed. Ensure that the auditors communicate directly with the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible;
- (k) ensure that the external auditors are prohibited from providing non-audit services and approve any permissible non-audit engagements of the external auditors, in accordance with applicable legislation;
- (l) review with management and the external auditor the Company's major accounting policies, including the impact of alternative accounting policies and key management estimates and judgments that can materially affect the financial results;
- (m) review with management their approach to controlling and securing corporate assets (including intellectual property) and information systems, the adequacy of staffing of key functions and their plans for improvements;
- (n) 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;
- (o) review the expenses of the Chairman and President of the Company annually;
- (p) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls, or auditing matters and the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters; and

- (q) perform such other duties as required by the Company's incorporating statute and applicable securities legislation and policies, including, without limitation, NI 52-110 and the OBCA.
3. The Audit Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties, and may set and pay the compensation of such counsel and advisors. The Audit Committee may communicate directly with the Company's internal and external counsel and advisors.

IV. MEETING PROCEDURES

1. The Audit Committee shall meet at such times and places as the Audit Committee may determine, but no less than four times per year. The Audit Committee should meet within forty-five (45) days (sixty (60) days in the event the Company is a "venture issuer" (as such term is defined in National Instrument 51-102 - *Continuous Disclosure Obligations*)) following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and shall meet within ninety (90) days (one hundred and twenty (120) days in the event the Company is a "venture issuer") following the end of the financial year end to review and discuss the audited financial results for the preceding year and the related MD&A as well as any accompanying press release, or in both cases, by such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.
2. Members of the Audit Committee shall be provided with reasonable notice of the time and place of meetings, which shall be not less than twenty-four (24) hours. The notice period may be waived by all members of the Audit Committee. Each of the Chairman of the Board, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to request that any member of the Audit Committee call a meeting.
3. The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditor of the Company, and others as they consider appropriate. The external auditor may, at its option, attend meetings of the Audit Committee.
4. In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Company's interim financial statements.
5. Meetings of the Audit Committee may be conducted with members in attendance in person, by telephone or by video conference facilities.
6. Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.
7. A resolution in writing signed by all the members of the Audit Committee is valid as if it had been passed at a meeting of the Audit Committee.

8. The Audit Committee shall ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the Company.

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