

**RIFT VALLEY RESURCES CORP.**  
**ANNUAL GENERAL MEETING OF SHAREHOLDERS**  
**To be held June 26, 2014**

**NOTICE OF ANNUAL MEETING**  
**AND**  
**MANAGEMENT INFORMATION CIRCULAR**  
**May 29, 2014**

**RIFT VALLEY RESOURCES CORP.**  
**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual and special meeting of the shareholders of Rift Valley Resources Corp. (the “**Corporation**”) will be held at the offices of the Corporation at **Suite 500 – 900 West Hastings Street, Vancouver, B.C. V6C 1E5** on Thursday, June 26, 2014 (the “**Meeting**”), for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2013, together with the report of the auditors thereon;
2. to fix the number of directors at (6);
3. to elect the directors for the following year;
4. to reapprove by ordinary resolution regarding the company’s rolling 10% stock option plan;
5. consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution providing for the appointment of such auditor as the board of directors of the Company shall determine in its sole discretion to serve as auditor of the Corporation for the ensuing year;
6. to authorize the directors to fix the remuneration of the auditors, and
7. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

Details of the foregoing matters are contained in the accompanying management information circular of the Corporation.

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its executed form of proxy with the Corporation’s transfer agent and registrar, **Computershare Investor Services Inc. (“Transfer Agent”), (Attention: Proxy Department), on or before 10:00 am (Vancouver Time) on Tuesday June 24, 2014.**, or at least 48 hours, excluding Saturdays, Sundays and holidays, before any adjournment or postponement of the Meeting at which the proxy is to be used, or by delivering it to the Chair of the Meeting before the time of voting on the day of the Meeting or any adjournment thereof.

**DATED:** May 29, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “Craig Robson”  
Chief Executive Officer

*These security holder materials are being sent to both registered and non-registered owners of securities. If you are a non-registered owner and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.*

*By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.*

**RIFT VALLEY RESOURCES CORP.  
MANAGEMENT INFORMATION CIRCULAR**

**As at May 29, 2014.**

**SOLICITATION OF PROXIES BY MANAGEMENT**

**This Management Information Circular (the “Circular”)** is furnished in connection with the solicitation of proxies by the management of RIFT VALLEY RESOURCES CORP. (“RVR” or the “Corporation”) for use at the annual and special meeting (the “Meeting”) of shareholders of the Corporation to be held in the offices of the Corporation at Suite 500 - 900 West Hastings Street, Vancouver, B.C., V6C 1E5, on June 26, 2014 at 10:00 a.m. (Vancouver time) and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. Solicitations may be made by mail and supplemented by telephone or other personal contact by the officers, employees or agents of the Corporation without special compensation. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation materials to the beneficial owners of the common shares of the Corporation (the “Shares”). The cost of any such solicitation will be borne by the Corporation.

The Board of Directors of the Corporation has fixed the record date for the Meeting to be the close of business on **May 14, 2014**. (the “**Record Date**”). Shareholders of record as of the Record Date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers his or her Shares after the Record Date and the transferee of those Shares establishes that he or she owns Shares and demands, not later than 10:00 a.m. (Vancouver time) on June 6, 2014. (being 10 days before the Meeting) that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Shares at the Meeting.

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying form of proxy are directors and/or officers of the Corporation. **A shareholder has the right to appoint a person (who need not be a shareholder of the Corporation) to attend and represent him or her at the Meeting, other than those persons named in the enclosed form of proxy. A shareholder who wishes to appoint some other person to present him or her at the Meeting may do so either by inserting such other person's name in the blank space provided in the form of proxy and signing the form of proxy, or by completing another proper form of proxy.** A form of proxy will not be valid unless it is completed, dated, signed and delivered to the office of the registrar and transfer agent of the Corporation, **Computershare Attention Investor Services Division**. (“**Transfer Agent**”), at 3<sup>rd</sup> floor 510 Burrard Street, Vancouver, B.C. V6C 3B9, by 10:00 am, not less than then 48 hours (excluding Saturday, Sunday and statutory holidays) preceding the Meeting or an adjournment of the

Meeting.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it at the time and to the place noted above; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

### **PROVISIONS RELATING TO VOTING OF PROXIES**

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

### **EXERCISE OF DISCRETION**

If the instructions in a Proxy are certain, the shares represented thereby will be voted on any poll by the persons named in the Proxy, and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made.

Where no choice has been specified by the shareholder, such shares will, on a poll, be voted in accordance with the notes to the form of Proxy.

The enclosed form of Proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the persons appointed proxyholders thereunder to vote with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

### **NON-REGISTERED HOLDERS**

Only registered shareholders or duly appointed proxy holders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. A person is not a registered shareholder (a “Non-Registered Holder”) in respect of shares which are held either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited), of which the Intermediary is a participant. In accordance with the

requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Circular and the Proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them.

Intermediaries will frequently use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

(a) 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 Holder and must be completed, but not signed, by the Non-Registered Holder and deposited with Computershare; or

(b) more typically, be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the Management Proxyholder named in the form and insert the Non-Registered Holder’s name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the Proxy or proxy authorization form is to be delivered.

#### **Additional Information for Non-Registered Shareholders**

This Circular and accompanying materials (“Meeting Materials”) are being sent to both registered and beneficial owners of Common Shares. There are two kinds of beneficial holders of Common Shares – those who object to their name being made known to the Company (called OBOs or Objecting Beneficial Owners) and those who do not object to the Company knowing who they are (called NOBOs or Non-Objecting Beneficial Owners). Beginning on September 1, 2002, provided the Company complied with the applicable provisions of Canadian securities legislation, the Company could request and obtain a list of its NOBOs from intermediaries via the Transfer Agent. However, the list of NOBOs could not be used for the distribution of proxy-related materials directly to NOBOs prior to September 1, 2004. If you are a non-registered Shareholder and the Company or its agent has sent these 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 legislation from the intermediary holding the Common Shares on your behalf.

In accordance with the requirements of applicable securities laws, the Company has distributed copies of the Meeting Materials to the clearing agencies and intermediaries for onward distribution to OBOs. As discussed above, intermediaries are required to forward the Meeting Materials to the OBOs unless in the case of certain proxy-related materials relating to routine business, the OBO has waived the right to receive such materials. As the matters related to herein are not considered routine business, OBOs will receive the Meeting Materials from the intermediaries. Should an OBO of Common Shares wish to vote at the Meeting in person, the OBO should follow the procedure in the request for voting instructions provided by or on behalf of the intermediary and request a form of legal proxy, which will grant the OBO the right to attend

the Meeting and vote in person. OBOs should carefully follow the instructions of their intermediary, including those regarding when and where the completed request for voting instructions is to be delivered.

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

Except as disclosed herein, no person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and the appointment of auditors as set out herein. For the purpose of this paragraph, "Person" shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company's last fiscal year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in subparagraphs (a) or (b).

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

As at the date of the accompanying Notice of Meeting, the Company has 20,491,652 fully paid and non-assessable common shares without par value issued and outstanding. The Company has no other classes of voting securities. All common shares in the capital of the Company are of the same class and carry the right to one vote.

Shareholders registered as at May 14, 2014 are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no persons beneficially own, directly or indirectly, or exercised control or direction over shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company except as follows:

| <b>Name</b>                     | <b>Number of Shares</b> | <b>Percentage held</b> | <b>Held</b>     |
|---------------------------------|-------------------------|------------------------|-----------------|
| <b>Beidou Resources (China)</b> | <b>4,000,000</b>        | <b>19.5%</b>           | <b>Directly</b> |

The holders of Shares of record at the close of business on the record date, set by the directors of the Corporation to be May 14, 2014. (the "**Record Date**"), are entitled to vote such Shares at the Meeting on the basis of one vote for each Share held, except to the extent that:

1. such person transfers his or her Shares after the Record Date; and
2. the transferee of those Shares produces properly endorsed share certificates or otherwise establishes his or her ownership to the Shares.

Information as to the number of Shares beneficially owned, directly or indirectly or over which control or direction is exercised by the individuals noted below is in each case based upon information furnished by the individual and is as at May 14, 2014.

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

To the knowledge of the Corporation's directors, the only matters to be placed before the Meeting are those matters set forth in the accompanying Notice of Meeting relating to (i) the receipt of the financial

statements and auditors' report thereon; (ii) the election of directors; (iii) the appointment of auditors; and (iv) the approval of the Corporation's Stock Option Plan.

## I. Presentation of the Audited Annual Financial Statements

The audited annual financial statements of the Corporation for the fiscal year ended December 31, 2013 and the report of the auditors thereon will be presented to shareholders at the Meeting. The financial statements and the auditors' report thereon are available on SEDAR under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

## II. Election of Directors

The board of directors of the Corporation (the "Board") presently consists of six (6) directors, all of whom are elected annually. It is proposed that the number of directors for the ensuing year be fixed at six (6). It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the articles of the Corporation, unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) (the "BCBCA") or the Corporation's articles. It is the intention of the management designees, if named as proxy, to vote FOR the election of said persons to the board of directors. 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 designees will be voted for another nominee in their discretion unless the shareholder has specified in his or her proxy that his or her Shares are to be withheld from voting in the election of directors.

The following table sets out the names of persons proposed to be nominated by management for election as a director; all positions and offices in the Corporation held by them; their principal occupation for the last five years; the periods during which they have served as a director; and the number of Shares beneficially owned or controlled, directly or indirectly, by them or over which control or direction is exercised, as of the date hereof. Each director elected will hold office until the next annual meeting of the Corporation, unless his office is earlier vacated in accordance with the articles of the Corporation or becomes disqualified to act as a director.

| <b>Name of Proposed Nominees, Municipality of Residence and Proposed Position with Rift Valley Res. Corp.</b> | <b>Director Since</b>          | <b>Principal Occupation During Last Five Years</b>   | <b>Number of Shares Beneficially Owned or Controlled</b> |
|---|--------------------------------|--|--|
| Craig Robson<br>Richmond, BC  | Director since September, 2011 | Self-employed business consultant for the last five years and director and or officer of private and public companies    | 1,725,000 common shares 8.4%                             |
| Bill Grossholz, CPA,CA <sup>(1)</sup><br>West Vancouver, BC   | Director since September, 2011 | Self-employed Chartered Accountant for the last five years and a director and or officer of private and public companies | 1,625,000 common shares 7.93 %                           |
| Donald K Bragg<br>Surrey, BC  | Director since March, 2013     | Self-employed Prospector and a director and or officer of private and public companies                                   | 590,000 common shares 2.88%                              |
| Xian Min (Sam) Peng <sup>(1)</sup><br>Richmond, BC  | Director since September, 2011 | General Manager Golden Mountain Capital  | 1,625,000 common shares 7.93%                            |

| <b>Name of Proposed Nominees, Municipality of Residence and Proposed Position with Rift Valley Res. Corp.</b> | <b>Director Since</b>         | <b>Principal Occupation During Last Five Years</b>   | <b>Number of Shares Beneficially Owned or Controlled</b> |
|---|-------------------------------|--|--|
| Donald Gordon <sup>(1)(2)</sup><br>North Vancouver, BC  | Director since<br>March, 2013 | Principal of DAG Consulting Corporation; Director of Rift Valley; self-employed business consultant for the last 13 years.   | 359,604 common shares 1.75%                              |
| Dr. Yanshuang She<br>Beijing, China   | Director since<br>2012        | Assistant to the Chairman of Beidou Investments Ltd. of Beijing China and assistant to the Chairman and General Manager at the China Mining Fund, Investment Department. | Nil common shares  |

Notes:

<sup>(1)</sup> Member of the Audit Committee.

<sup>(2)</sup> Chairman of the Audit Committee.

Management recommends voting for the resolution to elect the nominated directors.

As at the date hereof, the directors and officers of the Corporation, as a group, beneficially owned, directly or indirectly, 7,659,000 Shares or approximately 37.4% of the issued and outstanding Shares. In addition, 2,000,000 Shares have been reserved for issuance to the directors and officers of the Corporation in respect of granting options.

### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Except as otherwise disclosed in this Circular, to the best of the Corporation's knowledge, none of the Corporation's directors, officers, or shareholders holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation is, or during the ten years preceding the date of this Circular, has been a director or officer of any issuer that, while the person was acting in that capacity:

- a) was the subject of a cease trade order or similar order, or an order that denied such issuer access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- b) 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.

### **Penalties or Sanctions**

Other than described below, no director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a regulatory authority; or



- (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

On July 19, 1996, Mr. Robson was Senior Vice President and Director of Compliance and Risk Management of C.M. Oliver and Company Limited (a former Vancouver headquartered national brokerage firm) (“C.M. Oliver”) at C.M. Oliver’s head office in Vancouver. On July 19, 1996, a broker located in C.M. Oliver’s Calgary branch office met with a client after hours outside the office to assist the client in an off the market trade in a halted security. As his supervisor in Vancouver, Mr. Robson was the designated ultimate responsible supervisor and was therefore held responsible for the broker’s actions. Also, as his supervisor in Calgary, the branch manager was therefore found to have failed to adequately supervise the broker’s actions. A settlement with the Canadian Venture Exchange Inc. was reached in April 2000 and Mr. Robson was required to pay a fine of \$15,000, successfully rewrite the Partners, Directors and Officers qualifying examination and pay \$1,000 towards the costs of the investigation and the branch manager was required to pay a fine of \$10,000, successfully rewrite the Branch Manager’s examination, and pay \$1,000 towards the cost of the investigation.

### **Personal Bankruptcies**

To the best of the Corporation’s knowledge, during the ten years preceding the date of this Circular, no director, officer, or shareholder holding a sufficient number of securities of the Corporation to materially affect the control of the Corporation or a personal holding company of any such person, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **III. Appointment of Auditors**

The persons named in the enclosed form of proxy intend to vote for the appointment of such auditor as the board of directors of the Company shall determine in its sole discretion to serve as auditor of the Corporation for the ensuing year and that the board of directors of the Company be authorized to fix the remuneration to be paid to such auditor.

### **IV. Other Matters**

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the notice of meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

For purposes of this Statement of Executive Compensation, “Named Executive Officer” (NEO) of the Corporation means an individual who, at any time during the year, was

- (a) The Corporation’s chief executive officer (“**CEO**”);
- (b) The Corporation’s chief financial officer (“**CFO**”);

- (c) Each of the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; and
  - (d) Each individuals who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year;
- each a "Named Executive Officer" ("NEO").

Based on the foregoing definition, during the last completed fiscal year of the Corporation, there were three Named Executive Officers, namely, Craig Robson, CEO, and Bill Grossholz, CFO and Wesley Raven, Vice President Exploration.

All matters relating specifically to senior executive compensation are reviewed and approved by the board of directors. The board of directors has elected to not appoint a compensation committee. The board of directors of the Corporation is responsible for determining compensation including for the individual directors and officers of the Corporation, including the Chief Executive Officer. The board of directors reviews compensation for the officers of the Corporation, and any significant consulting or other agreements, to which the Corporation is a party, on an annual basis.

The Corporation's overall policy regarding compensation of the Corporation's executive officers is structured to provide salary levels and compensation incentives that support both the short-term and long-term goals of the Corporation, attract and retain and qualified executive management and establish a compensation framework which is industry competitive. The Corporation's policy is to recognize and reward individual performance as well as to place executive compensation within the range of the compensation levels in the industry.

The Corporation does not have a compensation program other than paying base salaries, incentive bonuses, and incentive stock options to the NEOs. The Corporation recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive's level of responsibility.

The Corporation has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Corporation at competitive industry rates for work of a similar nature by reputable arm's length service providers.

### ***Base Salary***

The objectives of the base salary are to recognize market pay, and acknowledge the competencies and skills of individuals. The base salary paid to the NEOs shall be reviewed annually by the board of directors as part of the annual review of executive officers. The decision on whether to grant an increase to the executive's base salary and the amount of any such increase shall be in the sole discretion of the board of directors. At the time of this Information Circular there are no base salaries being paid to NEOs

### ***Incentive Bonuses***

The objectives of incentive bonuses in the form of cash payments are designed to add a variable component of compensation, based on corporate and individual performances for executive officers and employees. No incentive bonuses were paid to NEOs, other executive officers and employees during the most recently completed fiscal year ended December 31, 2013.

### ***Option Based Awards***

In accordance with the policies of the CNSX, the directors of the Corporation have adopted a Stock Option Plan, subject to shareholder and CNSX approval. The Stock Option Plan complies with the requirements of the CNSX. Under the Stock Option Plan, the maximum number of shares that may be reserved for issuance under the Stock Option Plan will be a rolling number, not to exceed 10% of the issued and outstanding common shares of the Corporation at the time of the stock option grant. The Stock Option Plan will be a “rolling” stock option plan.

| <b>Compensation Source</b>        | <b>Description of Compensation</b>   | <b>Compensation Objectives</b>                                 |
|-----------------------------------|--|--|
| Annual Base Salary (all NEOs)     | Salary is market-competitive, fixed level of compensation  | Retain qualified leaders, motivate strong business performance |
| Incentive Stock Option (all NEOs) | Equity grants are made in the form of stock options. The amount of grant will be dependent on individual and corporate performance | Retain qualified leaders, motivate strong business performance |

### **Summary Compensation Table**

The following table summarizes the compensation paid to each NEO of the Corporation during the most recently completed financial year end to December 31, 2013:

| <b>Name and Principal Position</b> | <b>Fiscal Year</b> | <b>Salary (\$)</b> | <b>Share based awards<sup>(2)</sup> (\$)</b> | <b>Option-based awards (\$)<sup>(3)</sup></b> | <b>Non-equity incentive plan compensation<sup>(1)</sup> (\$)</b> |                                  | <b>Pension value (\$)</b> | <b>All other compensation (\$)<sup>(2)</sup></b> | <b>Total compensation</b> |
|------------------------------------|--------------------|--------------------|--|---|--|----------------------------------|---------------------------|--|---------------------------|
|                                    |                    |                    |  |   | <b>Annual incentive plans</b>                                    | <b>Long term incentive plans</b> |                           |  |                           |
| Craig Robson , CEO                 | 2013               | \$21,500           | Nil  | Nil   | Nil  | Nil                              | Nil                       | \$   | \$21,500                  |
|                                    | 2012               | \$14,500           | Nil  | Nil   | Nil  | Nil                              | Nil                       | \$   | \$14,500                  |
|                                    | 2011               | \$4,500            | Nil  | Nil   | Nil  | Nil                              | Nil                       | \$   | \$4,500                   |

|                       |      |          |     |     |     |     |     |    |          |
|-----------------------|------|----------|-----|-----|-----|-----|-----|----|----------|
| Bill Grossholz<br>CFO | 2013 | \$21,500 | Nil | Nil | Nil | Nil | Nil | \$ | \$21,500 |
|                       | 2012 | \$14,500 | Nil | Nil | Nil | Nil | Nil |    | \$14,500 |
|                       | 2011 | \$4,500  | Nil | Nil | Nil | Nil | Nil |    | \$4,500  |
| Wes Raven             | 2013 | \$5,000  | Nil | Nil | Nil | Nil | Nil | \$ | \$5,000  |
|                       | 2012 | \$16,000 |     |     |     |     |     |    | \$16,000 |
|                       | 2011 | \$7,500  |     |     |     |     |     |    | \$7,500  |

**Notes:**

- (1) “Non-equity Incentive Plan Compensation” includes all compensation under an incentive plan or portion of an incentive plan that is not an equity incentive plan.
- (2) “Share-based Awards” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.
- (3) “Option-based Awards” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

### **Employment Contracts**

Rift Valley currently has no employment contracts in place with its directors or senior management.

### **Option Based Award**

An option based award is in the form of an incentive stock option plan. The objective of the incentive stock option is to reward NEOs, employees, consultants and directors for their individual performance at the discretion of the board of directors.

The Corporation will maintain its formal stock option plan, under which stock options will be granted and may be granted to purchase a number equal to 10% of the Corporation’s issued capital from time to time.

The stock option plan will be administered by the board of directors and the process to grant option-based awards to executive officers will be within the discretion of the directors.

All previous grants of option-based awards will be taken into account when considering new grants.

### **Incentive Plan Awards**

#### *Outstanding share-based awards and option-based awards*

The following table sets forth the options granted to the Named Executive Officers to purchase or acquire securities of the Company outstanding at the most recently completed financial year ended December 31, 2013.

| Name                | Option-based awards                                     |                            |                        |  | Share-based awards   |  |
|---------------------|---|----------------------------|------------------------|--|--|--|
|                     | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) |
| Craig Robson , CEO  | Nil   | \$Nil                      |                        | \$Nil  | Nil  | \$Nil  |
| Bill Grossholz, CFO | Nil   | \$Nil                      |                        | \$Nil  | Nil  | \$Nil  |
| Wes Raven V.P.      | Nil   | \$Nil                      |                        | \$Nil  | Nil  | \$Nil  |

### Incentive plan awards – value vested or earned during the year

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to any Named Executive Officers during the most recently completed financial year ended December 31, 2013.

| Name                | Option-based awards – value vested during the year (\$) | Share-based awards – value vested during the year (\$) | Non-equity incentive plan compensation – value earned during the year (\$) |
|---------------------|---|--|--|
| Craig Robson CEO    | Nil   | \$Nil  | \$Nil  |
| Bill Grossholz, CFO | Nil   | \$Nil  | \$Nil  |
| Wes Raven VP        | Nil   | \$Nil  | \$Nil  |

No incentive stock options were granted during the fiscal year ended December 31, 2013

### Pension Plan Benefits

The Corporation does not provide retirement benefits for directors and executive officers. No funds were set aside or accrued by the Corporation during the fiscal year ended December 31, 2013 to provide pension, retirement or similar benefits for the Corporation’s directors or officers pursuant to any existing plan provided or contributed to by the Corporation or its subsidiaries.

### Director Compensation

The Corporation does not compensate its directors in their capacities as such, although directors of the Corporation will be reimbursed for their expenses incurred in connection with their services as directors and may be issued stock options from time to time at the discretion of the board. It is anticipated that the Corporation will implement a compensation plan for its directors which will be consistent with industry standards.

| Name           | Fees earned (\$) | Share-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation | Total (\$) |
|----------------|------------------|-------------------------|--------------------------|---|--------------------|------------------------|------------|
| Craig Robson   | \$Nil            | \$Nil                   | \$Nil                    | \$Nil                                       | \$Nil              | \$Nil                  | \$Nil      |
| Don Gordon     | \$Nil            | \$Nil                   | \$Nil                    | \$Nil                                       | \$Nil              | \$Nil                  | \$Nil      |
| Don Bragg      | \$Nil            | \$Nil                   | \$Nil                    | \$Nil                                       | \$Nil              | \$Nil                  | \$Nil      |
| Bill Grossholz | \$Nil            | \$Nil                   | \$Nil                    | \$Nil                                       | \$Nil              | \$Nil                  | \$Nil      |
| Xian Min Peng  | \$Nil            | \$Nil                   | \$Nil                    | \$Nil                                       | \$Nil              | \$Nil                  | \$Nil      |
| Yan Shuang She | \$Nil            | \$Nil                   | \$Nil                    | \$Nil                                       | \$Nil              | \$Nil                  | \$Nil      |

## INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

### Aggregate Indebtedness

Other than disclosed herein, other than routine indebtedness, as that term is defined in paragraph 10.3(c) of Form 51-102F5 Information Circular (“**Form 52-102F5**”), no directors, executive officers and employees and no former directors, executive officers and employees of the Corporation is, or was, indebted to the Corporation or any of its subsidiaries in connection with a purchase of securities and all other indebtedness as at December 31, 2013.

### Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

Other than disclosed herein, other than routine indebtedness, as that term is defined in paragraph 10.3(c) of Form 51-102F5, no directors or executive officers of the Corporation, proposed nominees for election as a director of the Corporation and associates of such director, executive officers or proposed nominees is or was indebted to the Corporation or any of its subsidiaries as at December 31, 2013.

## AUDIT COMMITTEE

The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management and the board of directors and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

The charter of the Audit Committee is set out in Appendix “A” of this Circular.

## **Composition of the Audit Committee**

At present, the Audit Committee consists of Bill Grossholz, Donald Gordon and Xian Min (Sam) Peng. With the exception of Bill Grossholz CFO the other members of the Audit Committee are independent within the meaning of that term as defined in section 1.4 of National Instrument 52-110 *Audit Committee* (“NI 52-110”). All members of the Audit Committee are financially literate as required by Part 1.6 of NI 52-110.

## **Relevant Education and Experience**

The education and experience of each of the members of the Audit Committee is set out in this Circular. More specifically, some of the members of the Audit Committee have also taken accounting courses directly relating to financial statement preparation and analysis. Each of the members of the Audit Committee has a general understanding of the accounting principles used by the Corporation to prepare its financing statements and will seek clarification from the Corporation’s auditors, where required. Each of the members of the Audit Committee also has direct experience in understanding accounting principles for private and reporting companies and experience in supervising one or more individuals engaged in the accounting for estimates, accruals and reserves and experience preparing, auditing analyzing or evaluating financial statements similar to those of the Corporation.

### **Bill Grossholz, CA**

Mr. Grossholz has been a Chartered Accountant for over 30 years and has a strong financial, administration, accounting and tax background. He has been a founder and Chief Financial Officer for businesses in the construction, development, resource exploration and telecommunications sectors. Mr. Grossholz operated a successful Chartered Accountancy practice in Vancouver for 14 years and was a Senior Business Auditor for the Canada Revenue Agency. Mr. Grossholz is also a director or officer of a number of private and public companies.

### **Don Gordon, MBA, CFA**

Mr. Gordon, MBA, CFA, has operated as an independent consultant to investment dealers conducting business assessments for issuers in a wide range of industries during the past 11 years, including serving as a business development advisor for the Vancouver office of the Canadian National Stock Exchange. Previously he had 17 years of corporate finance and marketing management experience with the Vancouver Stock Exchange/CDNX. He is past President of the Vancouver Society of Financial Analysts, serving on the Canadian CFA advocacy committee for the past decade, is the founding Executive Director of the Canadian Listed Company Association, and serves as a director of a number of public companies.

### **Xian Min (Sam) Peng**

Mr. Peng is the founder and President of Canada Chinese Investors and Entrepreneurs Association, a business network of Chinese investors in Canada, which connects investors and businesses together with a large network of investment professionals in Canada and China. Mr. Peng is currently the General Manager of BC based investment and consulting company, Golden Mountain Capital Limited. In addition he has over 15 years of experience working in the mining industry with Metallurgical Construction Corp. (“MCC”), a mining and heavy duty equipment R & D company, before moving to Canada in 2001. While employed with MCC, Mr. Peng was actively involved in the operation and leadership of MCC's production planning, mine construction and engineering. Mr. Peng holds a bachelor's degree in mining and is a member of Rift Valley’s Audit Committee.

## **Audit Committee Oversight**

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

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

Pursuant to the Audit Committee Charter, the Audit Committee must pre-approve all non-audit services to be provided to the Corporation or any subsidiary entities thereof by the external auditor of the Corporation and, to the extent considered appropriate, adopt specific policies and procedures in accordance with applicable laws for the engagement of such non-audit services; and/or delegate to one or more independent members of the Audit Committee the authority to pre-approve all non-audit services to be provided to the Corporation or any subsidiary entities thereof by the external auditor of the Corporation provided that the other members of the Audit Committee are informed of each such non-audit service.

## **External Auditor Services Fees (By Category)**

The following tables sets out the "audit fees", "audit-related fees", "tax fees" and "other fees" billed in the years ended December 31, 2013 and December 31, 2012.

|                                      | <b>Audit Fees and Audit Related Fees</b> | <b>Tax Fees</b> | <b>Other Fees</b> |
|--------------------------------------|--|-----------------|-------------------|
| For the year ended December 31, 2012 | \$7,400                                  | \$Nil           | \$6,200           |
| For the year ended December 31, 2013 | \$13,600                                 | \$Nil           | \$9,760           |

## **Exemption**

The Corporation is relying upon the exemption set out in section 6.1 of NI 52-110 that provides that the Corporation, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

## **CORPORATE GOVERNANCE**

### **General**

National Policy 58-201 - *Corporate Governance Guidelines* and National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101"), which came into force on June 30, 2005, set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.



## **Board of Directors - Composition of the Board**

NI 58-101, when taken with Section 1.4 of National Instrument 52-110 *Audit Committees*, (“**NI 52-110**”) provides that a member is “independent” if the member has no direct or indirect material relationship with the issuer, a “material relationship” being one which could, in the view of the Corporation’s board of directors, reasonably interfere with the exercise of a member’s independent judgment. To facilitate independence, the Corporation is committed to the following practices:

- 1) To expand the Board’s composition through the recruitment of strong, independent directors;
- 2) To maintain a majority of independent directors on the Board;
- 3) To ensure that all committees of the Board are constituted of a majority of independent directors, and solely independent directors, if possible.

The Corporation has determined that the following individuals are independent within the meaning of NI 58-101 and NI 52-110:

|                     |                      |
|---------------------|----------------------|
| Dr. Yanshuang She – | Independent Director |
| Don Gordon –        | Independent Director |
| Don Bragg –         | Independent Director |
| Xian Min Peng –     | Independent Director |

The Corporation has determined that the following individuals because of their positions as senior officers of the Corporation are not independent based on the guidelines set forth in NI 58-101 and NI 52-110:

|                      |                 |
|----------------------|-----------------|
| Craig Robson CEO –   | Not Independent |
| Bill Grossholz CFO – | Not independent |

## **Directorships**

The following table sets forth a list of directors, officers and promoters who are, or have been within the past five years, a director, officer or promoter of any other reporting issuer, which table includes the number of other issuers of which the individual is currently a director, officer or promoter and the names of the reporting issuers with which the individual was involved, including the names and markets upon which they trade.

| <b>Director</b>   | <b>Name of Reporting Issuer</b>                     | <b>Name of Exchange or Market</b> | <b>Position and Duration</b>                      |
|-------------------|---|-----------------------------------|---|
| Don Gordon        | AFG Flameguard Ltd. (formerly Orca Power Corp.)     | CNSX                              | Director since April 2004                         |
|                   | Abbastar Resources Corp.                            | TSXV                              | Director since 2007 and President since 2010      |
|                   | Tomco Developments Inc.                             | CNSX                              | Director since December 2003                      |
|                   | Newlox Gold Ventures Corp.                          | CNSX                              | Director and CEO since August 2011                |
|                   | Rift Valley Resources Corp                          | CNSX                              | Director since October 2013                       |
|                   | Tulox Resources Inc. (now Argentium Resources Inc.) | CNSX                              | Director from 2007 to 2011                        |
|                   | VisualVault Corporation                             | CNSX                              | Director from June 2010 to April 2011             |
|                   | Whitewater Resources Ltd.                           | Reporting Unlisted                | President and Director from 2011 to October 2014. |
|                   | Canadian Data Preserve Inc.                         | CNSX                              | Director from June 2010 to August 2014.           |
|                   | 0922519 B.C. Ltd. (now Super Nova Minerals Corp.)   | CNSX                              | Director from October 2011 to October 2014.       |
|                   | 0922518 B.C. Ltd.                                   | Reporting Unlisted                | Director since October 2011                       |
| Craig Robson      | Caiterra International Energy Corp.                 | TSX – Venture                     | Director and CEO from 2009 to present             |
|                   | Pacific Cascade Minerals Corp.                      | TSX-Venture                       | Director & Vice-President From 2006 – 2011        |
|                   | Saville Resources                                   | TSX-Venture                       | Director from 2011 to present                     |
|                   | West High Yield Resources                           | TSX-Venture                       | Vice President from 2006 to 2011                  |
|                   | Cascadia Consumer Electronics                       | TSX-Venture                       | Director since July 2013                          |
|                   | Copper Point Mining Corp.                           | Reporting Issuer                  | Director and CEO since March 2014                 |
|                   | Rift Valley Resources Corp.                         | CSE                               | Director and CEO since April 2013                 |
| Bill Grossholz CA | Umami Sustainable Sea food Inc                      | OTC BB                            | Director from 2005 to 2010                        |
|                   | Caiterra International Energy Inc.                  | TSX – Venture                     | Director and CFO since 2009 to present            |
|                   | Copper Point Mining Corp                            | Reporting Issuer                  | Director and CFO since March 2014                 |

|                   |                                 |                                   |                                   |
|-------------------|---------------------------------|-----------------------------------|-----------------------------------|
|                   | Rift Valley Resources Corp.     | CSE                               | Director and CFO since April 2013 |
| <b>Director</b>   | <b>Name of Reporting Issuer</b> | <b>Name of Exchange or Market</b> | <b>Position and Duration</b>      |
| Xian Min Peng     | Copper Point Mining Corp.       | Reporting Issuer                  | Vice President since March 2014   |
|                   | Rift Valley Resources Corp      | CSE                               | Director since April 2013         |
| Donald K Bragg    | Rift Valley Resources Corp      | CSE                               | Director since 2013               |
| Dr. Yanshuang She | Rift Valley Resources Corp      | CSE                               | Director since 2013               |

### **Orientation and Continuing Education of Board Members**

If any new directors are appointed to the board of directors, then the existing directors will provide a brief orientation consisting of a telephone conference and a review of material transactions effected to-date by the Corporation, as well as the general nature and proceedings of the Board. The existing Board will also require the Corporation's legal counsel to provide a summary of the new director's duties and responsibilities as a member of the board of directors. Given the direct securities industry experience of the existing board of directors, the Corporation does not contemplate providing continuing education for directors at this time.

### **Measures to Encourage Ethical Business Conduct**

Pursuant to the Business Corporations Act (British Columbia), each of the directors of the Corporation is required to disclose any conflict of interest that any one of them may have in regard to any dealings with the Corporation. Each of the existing members of the board of directors has worked together in the past, either by being a director or officer of other reporting issuers. In the past, the board of directors has had discussions and meetings about the importance of full disclosure in regard to the business and affairs of a reporting issuer. Given the experience of the board of directors, and their prior dealings, the Corporation, at this point in time, is not taking any additional steps to encourage and promote a culture of ethical business conduct.

### ***Nomination of Board Members***

The Corporation does not have in place a formal process to identify new candidates for board nomination or a person responsible for identifying new candidates or that is in the process of identifying new candidates. Given the direct securities experience of the existing board of directors, each director will utilize his own judgment in determining whether or not to put forth a person as a candidate for the board of directors of the Corporation and the appropriate forum for carrying out this task.

### **Compensation**

The board of directors of the Corporation is responsible for determining compensation, including compensation for the individual directors and officers of the Corporation, such as the Chief Executive Officer. Given the stage of development of the Corporation, it is not currently envisioned that any of the

directors will be paid director's fees. Rather, directors will be granted stock options to help ensure their continued interest in the ongoing business and affairs of the Corporation. The board of directors determines compensation for the officers of the Corporation, and any consulting or other agreements, to which the Corporation is a party, are reviewed on an annual basis.

### **Board Committees**

At this time, the board of directors does not have any standing committees other than the Audit Committee. The Audit Committee's role is to act in an objective, independent capacity as a liaison between the auditors, management, and the board of directors and to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

### **Assessments**

Given the current stage of development of the Corporation, the Corporation does not yet have any formal policies or procedures in place to help ensure that the board, its committees, if any, and its individual directors are performing effectively. In the event that the business of the Corporation increases in size and scale, then the board of directors will determine whether it is appropriate to engage an outside consulting firm to make recommendations regarding the foregoing. Certain of the members of the board of directors have a direct financial interest in the Corporation, by virtue of being shareholders of the Corporation.

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

Other than as set forth in this Circular, the management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer at any time since the beginning of the Corporation's last financial year or any proposed nominee for election as a director, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors. All of the directors and officers may receive options pursuant to the Stock Option Plan of the Corporation.

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

Except as disclosed in this Circular, neither the Corporation, nor any director or officer of the Corporation, nor any insider of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, has or has had, at any time since the beginning of the Corporation's last completed financial year, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation, except for any interest arising from the ownership of Shares where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all shareholders.

### **OTHER MATTERS TO BE ACTED UPON**

There are no other matters to be considered at the Meeting which are known to the directors or senior officers of the Corporation at this time. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters exercising discretionary authority with respect to amendments or variations of matters identified in the Notice of Meeting, and other matters which may properly come before the Meeting or any adjournment thereof.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators at [www.sedar.com](http://www.sedar.com). Financial information regarding the Corporation is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders of the Corporation may contact the Corporation at Suite 500 – 900 West Georgia Street Vancouver, B.C. V6C 1E5, to request copies of the Corporation's financial statements and management's discussion and analysis.

## **GENERAL**

All matters referred to herein for approval by the shareholders require a majority of the shareholders voting, in person or by proxy, at the Meeting.

The contents and sending of this Circular have been approved by the Board of Directors of the Corporation. Unless otherwise stated, the information contained herein is given as of May 29, 2014.

## APPENDIX A

### RIFT VALLEY RESOURCES CORP.

#### AUDIT COMMITTEE CHARTER AND POSITION DESCRIPTION FOR AUDIT COMMITTEE CHAIR

##### **Introduction**

Rift Valley Resources Corp. (the "Corporation") is a British Columbia based junior mineral exploration and development company. The Board of Directors of the Corporation (the "Board") has the responsibility for the overall stewardship of the conduct of the business of the Corporation and its subsidiaries and the activities of management of the Corporation, which is responsible for the day-to-day conduct of the business.

##### **Purpose**

The primary function of the Audit Committee (the "Committee") is to assist the Board in fulfilling its responsibilities by reviewing: the financial reports and other financial information provided by the Corporation to any governmental body or the public; the Corporation's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and the Corporation's auditing, accounting and financial reporting processes generally. Consistent with this function, the Committee should endeavour to encourage continuous improvement of, and should endeavour to foster adherence to, the Corporation's policies, procedures and practices at all levels. In performing its duties, the external auditor is to report directly to the Committee. The Committee's primary objectives are:

- To assist directors meet their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
- To provide better communication between directors and external auditors;
- To assist the Board's oversight of the auditor's qualifications and independence;
- To assist the Board's oversight of the credibility, integrity and objectivity of financial reports;
- To strengthen the role of the outside directors by facilitating discussions between directors on the Committee, management and external auditors;
- To assist the Board's oversight of the performance of Corporation's internal audit function and external auditors; and
- To assist the Board's oversight of the Corporation's compliance with legal and regulatory requirements.

##### **Composition, Procedures and Organization**

The Committee shall consist of at least three members of the Board of Directors (the "Board"), a majority of whom shall be "independent", as that term is defined in Sections 1.4 and 1.5 of Multilateral Instrument 52-110, Audit Committees ("MI 52-110") (provided that, if the Common Shares of the Corporation are listed and posted on the Toronto Stock Exchange, then all of the members of the Audit Committee shall be "independent").

All of the members of the Committee shall be "financially literate" (i.e. able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally

comparable to the breadth and complexity of those of the Corporation and that can be reasonably expected to be raised by the Corporation's financial statements).

The Committee composition, including the qualifications of its members, shall comply with the applicable requirements of stock exchanges on which the Corporation lists its securities and of securities regulatory authorities, as such requirements may be amended from time to time.

The Board shall appoint the members of the Committee. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

Unless the Board shall have appointed a Chair of the Committee, the members of the Committee shall elect a Chair from among their members.

The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.

The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers necessary or advisable in order to perform its duties and responsibilities.

**Meetings of the Committee shall be conducted as follows:**

- the Committee shall meet at least four times annually at such times and at such locations as may be requested by the Chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
- the external auditors may receive notice of and have the opportunity to attend meetings of the Committee; and
- the following management representatives may be invited to attend meetings, except executive sessions and private sessions with the external auditors:
  - President
  - Chief Executive Officer
  - Chief Financial Officer
  - Controller
- other management representatives may be invited to attend as necessary.

The external auditors shall report directly to the Committee and the external auditors and internal auditors (if any) shall have a direct line of communication to the Committee through its Chair and may bypass management if deemed necessary. The Committee, through its Chair, may contact directly any employee of the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

The Committee may retain, at the Corporation's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties and may set and pay the compensation for any advisor engaged. The Committee will notify the Board Chair whenever independent consultants are engaged.

## **Handling of Complaints**

The Committee shall maintain procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters (a "Whistleblower Policy").

## **Annual Review**

The Committee shall review and assess the adequacy of this Charter annually, report to the Board thereon and recommend any proposed changes to the Board for approval. The Committee shall also perform an annual evaluation of the performance of the Committee and shall report the results of the evaluation to the Board Chair.

## **Roles and Responsibilities**

*The overall duties and responsibilities of the Committee shall be as follows:*

- to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly financial statements and management's discussion and analysis;
- to establish and maintain a direct line of communication with the Corporation's internal (if any) and external auditors and assess their performance;
- to assist the Board in the discharge of its responsibilities relating to oversight of the Company's internal, financial and disclosure controls and procedures;
- to pre-approve all non-audit services to be provided by the Corporation's external auditor and to periodically review the audit and non-audit services pre-approval policy and recommend to the Board any changes which the Committee deems appropriate.

The Committee may delegate to one or more members of the Committee authority to pre-approve non audit services in satisfaction of this requirement and if such delegation occurs, the pre-approval of non-audit services by the Committee member to whom authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.

The Committee shall be entitled to adopt specific policies and procedures for the engagement of non-audit services if:

- the pre-approval policies and procedures are detailed as to the particular service;
- the Committee is informed of each non-audit service; and
- the procedures do not include delegation of the Committee's responsibilities to management.



The Committee will satisfy the pre-approval requirement set forth above if:

- the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than 5% of the total amount of fees paid by the Corporation and its subsidiary entities to the external auditors during the fiscal year in which the services are provided;
- the Corporation or the subsidiary entity, as the case may be, did not recognize the services as non-audit services at the time of the engagement;
- the services are promptly brought to the attention of the Committee and approved, prior to completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee;
- to periodically consider whether there is a need to outsource internal audit functions or create an internal audit department;
- to review the reports to management prepared by the external auditors and management's responses;
- to receive and review complaints received pursuant to the Corporation's Whistleblower Policy and oversee and provide direction on the investigation and resolution of such concerns and to periodically review the said policy and recommend to the Board changes which the Committee may deem appropriate;
- to report regularly to the Board on the fulfilment of its duties and responsibilities;
- to review significant findings during the year, including the status of previous significant audit recommendations;
- to identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;
- to ensure that it satisfies those responsibilities set out in Part 2 of MI 52-110 and provisions contained within the Companion Policy to MI 52-110; and
- review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

*The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:*

- to be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;
- to recommend to the Board a firm of external auditors to be nominated for appointment by the shareholders of the Corporation, and to monitor and verify the independence of such external auditors;
- to review and approve the fee, scope and timing of the audit and other audit related and non-audit services rendered by the external auditors;
- review the audit plan of the external auditors prior to the commencement of the audit;
- to review with the external auditors, upon completion of their audit:
- contents of their report;
- scope and quality of the audit work performed;
- adequacy of the Corporation's financial and auditing personnel;
- co-operation received from the Corporation's personnel during the audit;
- internal resources used;
- significant transactions outside of the normal business of the Corporation;

- significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
- the non-audit services provided by the external auditors, as pre-approved pursuant to the audit and non-audit services pre-approval policy;
- to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles;
- when there is to be a change in external auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
- to review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation;
- to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management; and
- to receive a written statement from the external auditor describing in detail all relationships between the auditor and the Corporation that may impact the objectivity and independence of the auditor. The Committee shall review with the Board of Directors the independence of the external auditors and either confirms to the Board of Directors that the external auditors are independent or recommend that the Board of Directors take appropriate action to satisfy itself of the external auditor's independence.

***The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:***

- review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to insurance, accounting, information services and systems and financial controls, management reporting and risk management;
- review compliance under the Corporation's Code of Business Conduct with those matters addressed in the policy which affect the financial integrity of the Corporation and to periodically review this policy, management's monitoring of it, and recommend to the Board changes which the Committee may deem appropriate; and
- periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal accounting staff or by the external auditors have been implemented.

***The Committee is also charged with the responsibility to:***

- review and recommend to the Board for its approval, the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases before the Corporation publicly discloses this information;
- review and approve the Corporation's interim financial statements, interim management's discussion and analysis including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto and interim earnings press releases before the Corporation publicly discloses this information;
- review the financial sections of:
  - the annual report to shareholders;
  - prospectuses;
  - other public reports containing financial information requiring approval by the Board; and
  - press releases related thereto,
- and report to the Board with respect thereto;

- review regulatory filings and decisions as they relate to the Corporation's financial statements;
- review the appropriateness of any policies and procedures used in the preparation of the Corporation's financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- review and report on the integrity of the Corporation's financial statements;
- review the minutes of any audit committee meeting of any subsidiary of the Corporation;
- review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;
- review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts;
- endeavour to ensure all material public documents relating to the financial performance, financial position or analysis thereon are reviewed by the Committee or another appropriate committee, as designated by the Board of Directors. In certain cases, including in respect of "roadshow" or other investor materials, the Committee may designate the responsibility for review to the Chair of the Committee, the Chief Financial Officer of the Corporation or to legal counsel. The Committee shall review and monitor practices and procedures adopted by the Corporation to assure compliance with applicable listing requirements, laws, regulations and other rules, and where appropriate, make recommendations or reports thereon to the Board of Directors;
- The Committee shall review significant changes in the accounting principles to be observed in the preparation of the accounts of the Corporation and its subsidiaries, or in their application, and in financial disclosure presentation; and
- The Committee shall review such reports as may be required by any applicable securities regulatory authority to be included in the Corporation's Information Circular or any other disclosure document of the Corporation.

### **Accountability**

The Committee shall report its activities and proceedings to the Board by distributing the minutes of its meetings or by oral or written report at the next Board meeting.

### **Standards of Liability**

Nothing contained in this mandate is intended to expand applicable standards of liability under statutory, regulatory, common law or any other legal requirements for the Board or members of the Committee. The purposes and responsibilities outlined in this mandate are meant to serve as guidelines rather than inflexible rules and the Committee may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

### **Annual Review and Assessment**

The Committee shall conduct an annual review and assessment of its performance, including compliance with this Charter and its role, duties and responsibilities, and submit such report to the Board of Directors. The Committee shall also update this Charter periodically as conditions dictate.