

**MERYLLION RESOURCES CORPORATION**

**Notice of Annual General Meeting of Shareholders  
and  
Management Proxy Circular**

**March 5, 2014**

**MERYLLION RESOURCES CORPORATION**  
1100 – 355 Burrard St.  
Vancouver, British Columbia  
V6C 2G8

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an annual general meeting of the shareholders of Meryllion Resources Corporation (the “Company”) will be held on Monday, April 14, 2014 at 10:00 a.m. local time, at 1100-355 Burrard St., Vancouver, British Columbia for the following purposes:

1. to receive the audited consolidated financial statements for the year ended September 30, 2013, together with the auditor’s report thereon and the interim financial statements for the three month period ended December 31, 2013 (the “Financial Statements”);
2. to set the number of directors at five (5) for the ensuing year;
3. to elect five (5) directors for the ensuing year;
4. to appoint MacKay LLP, Chartered Accountants, as auditor of the Company for the ensuing year and authorize the directors to determine the remuneration to be paid to the auditor;
5. to consider and, if deemed advisable, to pass an ordinary resolution to approve the Company’s stock option plan (the “Stock Option Plan”), as required by the policies of the TSX Venture Exchange, all as more particularly described in the management information circular (the “Circular”) under the heading “Particulars of Matters to be Acted Upon – Approving Stock Option Plan”. A copy of the Stock Option Plan is also attached as Schedule “A” to the Circular; and
6. to transact such other business as may properly be put before the meeting.

The board of directors has fixed Wednesday, March 5, 2014 as the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting and at any adjournment thereof.

The Company has decided to use the notice and access model (“Notice and Access”) provided for under National Instrument 54-101 for the delivery of the Circular, the Financial Statements and related Management’s Discussion and Analysis (collectively, the “Meeting Materials”) to shareholders for the Meeting. The Company has adopted this alternative means of delivery in order to further its commitment to environmental sustainability and to reduce its printing and mailing costs. Specifically, Shareholders may access the Meeting Materials either through the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com) or through the Company’s website at [www.meryllionresources.com](http://www.meryllionresources.com).

**The Company urges shareholders to review this Circular before voting.**

*Requesting Printed Meeting Materials*

Shareholders can request that printed copies of the Meeting Materials be sent to them by postal delivery at no cost to them up to one year from the date the Circular was filed on SEDAR. Shareholders wishing to obtain printed copies of the Meeting Materials prior to the meeting or who wish to receive more information on the notice and access system must do so no later than 10:00am on April 10<sup>th</sup>, 2014. Shareholders may make their request through the Company’s website, [www.meryllionresources.com](http://www.meryllionresources.com), or by calling 1-844-221-7982.

*Voting*

For Registered holders, they can vote online at [www.investorvote.com](http://www.investorvote.com) or by telephone at 1-866-732-8683 by entering the 15-digit control number located on the proxy form and following the instructions provided.

For Nobo holders (Non-Objecting beneficial holders), they can they can vote online at [www.investorvote.com](http://www.investorvote.com) or by telephone at 1-866-734-8683 by entering the 15-digit control number located on the voting instruction form and following the instructions provided.

For OBO holders (Objecting Beneficial holders), they can vote online at [www.proxyvote.com](http://www.proxyvote.com) or by telephone at 1-800-474-7493 (Canada) or 1-800-454-8683 (Unites States) by entering the 12-digit control number located on the voting instruction form and following the instructions provided.

**A shareholder who is unable to attend the meeting in person and who wishes to ensure that such shareholder's shares will be voted at the meeting is requested to complete, date and execute the enclosed form of proxy and deliver it to Computershare Trust Company of Canada ("Computershare") in accordance with the instructions set out in the form of proxy and in the management proxy circular. If a shareholder does not deliver a proxy to Computershare by 10:00 a.m. local time on Thursday, April 10, 2014 or 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the meeting at which the proxy is to be used, then the shareholder will not be entitled to vote at the meeting by proxy.**

DATED at Vancouver, British Columbia, the 5<sup>th</sup> day of March, 2014.

**ON BEHALF OF THE BOARD**

*"David Birkenshaw"*

David Birkenshaw  
Chairman of the Board

**MERYLLION RESOURCES CORPORATION**

1100 – 355 Burrard St.  
Vancouver, British Columbia  
V6C 2G8

**MANAGEMENT PROXY CIRCULAR**

(as at March 5, 2014 except as otherwise indicated)

**SOLICITATION OF PROXIES**

This management proxy circular (the “Circular”) is provided in connection with the solicitation of proxies by the management of Meryllion Resources Corporation (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on Monday, April 14, 2014, at the time and place set out in the accompanying notice of meeting (the “Notice of Meeting”).

The solicitation of proxies by management will be primarily by mail, but proxies may be solicited by directors, officers and regular employees of the Company personally, by telephone or by other means of electronic communication. All costs of this solicitation will be borne by the Company.

The board of directors of the Company (the “Board”) has fixed the close of business on March 5, 2014 as the record date, being the date for the determination of the registered shareholders entitled to receive notice of, and to vote at, the Meeting (the “Record Date”).

**APPOINTMENT OF PROXYHOLDERS**

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

The individuals named in the form of proxy (the “Proxy”) are directors and officers of the Company. **A shareholder may appoint, as proxyholder or alternate proxyholder, a person or persons other than any of the persons designated in the Proxy, and may do so either by inserting the name or names of such persons in the blank space provided in the Proxy or by completing another proper Proxy.**

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

An appointment of a proxyholder or alternate proxyholders will not be valid unless a Proxy making the appointment, signed by the shareholder or by an attorney of the shareholder authorized in writing, is delivered to Computershare Trust Company of Canada (“Computershare”) by mail or by hand to 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, by 10:00 a.m. local time, on Thursday, April 10, 2014 or not less than 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the proxy is to be used.

## REVOCATION OF PROXIES

A 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.

The revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

## EXERCISE OF DISCRETION

The person named in the Proxy will vote or withhold from voting the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing him. **If there is no direction by the shareholder in respect of a particular matter, such shares will be voted in favour of such matter. The Proxy confers discretionary authority upon the person named therein with respect to amendments or variations to matters identified or referred to in the Notice of Meeting and this Circular and with respect to any other matters, which may properly come before the Meeting.** As of the date of this Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting. However, if any such or other matters which are not now known to management should properly come before the Meeting, the shares will be voted on such matters in accordance with the best judgment of the person named in the Proxy.

## VOTES NECESSARY TO PASS RESOLUTIONS

The Company's articles (the "Articles") provide that the quorum for the transaction of business at the Meeting is at least two shareholders entitled to vote at the Meeting, whether appearing in person or by proxy, who hold common shares carrying, in the aggregate, not less than five percent (5%) of the issued shares entitled to vote at the Meeting.

Pursuant to the Business Corporations Act (British Columbia) (the "BCBCA") and the Articles, a simple majority of the votes cast by shareholders at the Meeting is required to pass an ordinary resolution and a majority of two-thirds of the votes cast at the Meeting is required to pass a special resolution.

At the Meeting, shareholders will be asked to consider and, if thought advisable, to: (i) pass an ordinary resolution to set the number of directors of the Board at five (5); (ii) elect directors to the Board; (iii) appoint auditors for the ensuing year and authorize the directors to set their remuneration; and (iv) pass an ordinary resolution to approve the Company's stock option plan.

## NOTICE AND ACCESS

The Company has decided to use the notice and access model ("Notice and Access") provided for under National Instrument 54-101 for the delivery of the Circular, Financial Statements (as defined below) and Management's Discussion and Analysis (collectively, the "Meeting Materials") to shareholders for the Meeting. The Company has adopted this alternative means of delivery in order to further its commitment

to environmental sustainability and to reduce its printing and mailing costs. Specifically, Shareholders may access the Meeting Materials either at the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) or through the Company's website at [www.meryllionresources.com](http://www.meryllionresources.com).

Under Notice and Access, instead of receiving printed copies of the Meeting Materials, shareholders receive a notice ("Notice") with information on the Meeting date, location and purpose, as well as information on how they may access the Meeting Materials electronically. Shareholders with existing instructions on their account to receive printed materials will receive a printed copy of the Meeting Materials with the Notice.

As provided in the Notice, the Meeting will be held on April 14, 2014 at 10:00 am (Pacific Daylight Time) at 1100-355 Burrard St., Vancouver, British Columbia, for the purposes described in this Circular.

The record date for the Meeting is March 5, 2014. The record date is the date for determining the shareholders entitled to receive notice of, and to vote at, the Meeting and any adjournment. The deadline for receiving duly completed and executed forms of proxy or submitting your proxy by telephone or over the internet is by 10:00 am (Pacific Daylight Time) on Thursday, April 10, 2014 or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned or postponed Meeting.

The Company urges shareholders to review this Circular before voting.

#### *Requesting Printed Meeting Materials*

Shareholders can request that printed copies of the Meeting Materials be sent to them by postal delivery at no cost to them up to one year from the date this Circular was filed on SEDAR. Registered shareholders may make their request through the Company's website, [www.meryllionresources.com](http://www.meryllionresources.com), or by calling 1-844-221-7982. Non-registered shareholders may make their request online at [www.ProxyVote.com](http://www.ProxyVote.com) or by phoning the number above. To receive the Meeting Materials in advance of the proxy deposit date and Meeting Date, the Company must receive requests for printed copies at least five business days in advance of the proxy deposit date and time.

### **VOTING BY NON-REGISTERED HOLDERS**

Only registered shareholders ("Registered Holders") 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 RRSPs, RRIAs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("CDS")), of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as "NOBOs". Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as "OBOs".

Intermediaries often use service companies to forward the Notice to Non-Registered Holders. The Company will pay the fees and cost of the Intermediaries for their services in delivering the NOBOs but will not pay for delivery of materials to the OBOs. 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.

OBOs will not receive meeting materials unless the OBOs intermediary assumes the cost of delivery.

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 proxy holder 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.**

A Non-Registered Holder may revoke a Proxy or voting instruction form given to an Intermediary by contacting the Intermediary through which the Non-Registered Holder's shares of the Company are held and following the instructions of the Intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy form or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

Both NOBOs and OBOs can vote online or via telephone. For NOBOs, they can they can vote online at [www.investorvote.com](http://www.investorvote.com) or by telephone at 1-866-734-8683 by entering the 15-digit control number located on the voting instruction form and following the instructions provided. For OBOs, they can vote online at [www.proxyvote.com](http://www.proxyvote.com) or by telephone at 1-800-474-7493 (Canada) or 1-800-454-8683 (Unites States) by entering the 12-digit control number located on the voting instruction form and following the instructions provided.

### **Financial Statements**

The audited consolidated financial statements of the Company for the year ended September 30, 2013, together with the auditor's report on those statements, and the interim financial statements for the first quarter ended December 31, 2013 will be presented to the shareholders at the Meeting.

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

The Company's authorized share capital consists of an unlimited number of common shares without par value of which 17,125,510 shares are issued and outstanding. Each common share in the capital of the Company carries the right to one vote.

A holder of record of one or more common shares on the Record Date who either attends the Meeting personally or deposits a Proxy in the manner and subject to the provisions set forth above will be entitled to vote or have such share or shares voted at the Meeting except to the extent:

- (a) the shareholder has transferred the ownership of any such share after the Record Date; and
- (b) the transferee produces a properly endorsed share certificate for, or otherwise establishes ownership of, any of the transferred shares and makes a demand to Computershare no later than 10 days before the Meeting that the transferee's name be included in the list of shareholders in respect thereof.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, the following persons beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, 10% or more of the issued and outstanding common shares of the Company:

<b>Member</b>	<b>Number of Shares</b>	<b>Percentage of Issued Capital</b>
CDS & Co. <sup>(1)</sup>	11,487,030	67.08%
David Birkenshaw	2,848,900	16.64%

**Note:**

- (1) The beneficial owners of common shares held by depositories are not known to the directors or executive officers of the Company.

As at February 28<sup>th</sup>, 2014, the total number of common shares owned or controlled by management and the directors of the Company and their associates or affiliates was 2,910,900 common shares, representing 17% of the total issued and outstanding common shares.

### **ELECTION OF DIRECTORS**

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

The Company is requesting that the shareholders consider and, if thought advisable, approve an ordinary resolution at the Meeting to set the number of directors of the Board at five (5) directors.

The following table sets out the names, province or state and country of residence of the nominees for election as directors, the offices they hold within the Company, their principal occupations, business or employment within the five preceding years, the periods during which each director has served as a director, and the number of shares of the Company and its subsidiaries which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular:



Name, province or state and country of residence and positions, current and former, if any, held in the Company	Principal occupation for last five years	Served as director since	Number of common shares beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>
<b>David Birkenshaw</b> Ontario, Canada <i>Chairman and Director</i>	President and CEO of Birkenshaw & Company Ltd. (investment company) since its formation in 1989.	October 7, 2013	2,848,900 <sup>(5)</sup>
<b>Terry Krepiakevich</b> British Columbia, Canada <i>CEO and Director</i>	CEO of the Company since July, 2013. Interim CEO of Kaizen Discovery Inc. (fka Concordia Resource Corp.) (mineral resource company) from March 2013 to December 2013. Independent Financial Advisor from July, 2011 to present; Chief Financial Officer of SouthGobi Resources Ltd. (mineral resource company) from July 2006 to July 2011.	October 7, 2013	Nil <sup>(6)</sup>
<b>John Fognani</b> <sup>(2) (3) (4)</sup> Colorado, USA <i>Director</i>	Founding member at Fognani & Fraught PLLC in 2002 and resumed full time practice as of January 2013, (Law Firm) Vice President – Legal and General Counsel of Ivanhoe Capital Corporation, (investment company) and Ivanhoe Mines Ltd. from January 2003 to December 2012.	October 7, 2013	Nil <sup>(7)</sup>
<b>Borden R. Putnam</b> <sup>(2) (3) (4)</sup> California, USA <i>Director</i>	Independent mining industry consultant from 2009; Managing Director and Principal Analyst at Eastbourne Capital Management and Robertson Stephens (investment companies) from 1996 to 2009.	October 7, 2013	Nil <sup>(8)</sup>
<b>Greg Shenton</b> <sup>(2) (3) (4)</sup> British Columbia, Canada <i>Director</i>	Chief Financial Officer of Peregrine Diamonds Ltd. (mineral resource company) since February 1, 2006; CFO for Jinshan Gold Mines Inc. (mineral resource company) from November 2003 to December 2005; CFO for Asia Gold Corp. from August 2003 to July 2006.	October 7, 2013	Nil <sup>(9)</sup>

**Notes:**

- (1) The information as to common shares beneficially owned or controlled has been provided by the directors themselves.
- (2) Member of the Company's Audit committee.
- (3) Member of the Compensation committee.
- (4) Member of the Corporate Governance and Nominating committee.
- (5) Mr. Birkenshaw also holds 425,000 options to purchase an aggregate 425,000 common shares of the Company.
- (6) Mr. Krepiakevich also holds 425,000 options to purchase an aggregate 425,000 common shares of the Company.
- (7) Mr. Fognani holds 100,000 options to purchase an aggregate 100,000 common shares of the Company.
- (8) Mr. Putnam also holds 100,000 options to purchase an aggregate 100,000 common shares of the Company.
- (9) Mr. Shenton also holds 100,000 options to purchase an aggregate 100,000 common shares of the Company.

The Company does not have an executive committee of its Board. The Company has appointed a Compensation committee, an Audit committee and a Corporate Governance and Nominating committee. The members of all three committees are the independent directors: John Fognani, Greg Shenton and Borden Putnam.

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

### **Corporate Cease Trade Orders or Bankruptcies**

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

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

### **Individual Bankruptcies**

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

### **Penalties or Sanctions**

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

## **EXECUTIVE COMPENSATION**

### **Named Executive Officers**

During the financial year ended September 30, 2013, the Company had three Named Executive Officers (“NEO”) being: Terry Krepiakovich, Chief Executive Officer (“CEO”) Eduard Epshtein, Chief Financial Officer (“CFO”), Tracy Hansen, Corporate Secretary. Each were appointed to their positions on July 25, 2013 the day the Company was incorporated. During the financial year ended September 30<sup>th</sup>, 2013 Meryllion Resources Corporation was a wholly owned subsidiary of Concordia Resource Corp. (now Kaizen Discovery Inc.) and did not pay any compensation to its NEOs.

“Named Executive Officer” means: (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the Company’s three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers at the end of the most recently

completed financial year and whose total salary and bonus exceeds \$150,000, and (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year-end.

## COMPENSATION DISCUSSION & ANALYSIS

### Compensation Discussion & Analysis

#### *Overview*

The objective of the Company's compensation program is to compensate the executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development.

The Company compensates its executive officers based on their skill and experience levels and the existing stage of development of the Company. Executive officers are rewarded on the basis of the skill and level of responsibility involved in their position, the individual's experience and qualifications, the Company's resources, industry practice, and regulatory guidelines regarding executive compensation levels.

#### *Compensation Committee*

The Board has established a Compensation and Benefits Committee (the "Compensation Committee") that is responsible for ensuring that the Company has in place an appropriate plan for executive compensation and for making recommendations to the Board with respect to the compensation of the Company's executive officers. The Compensation Committee ensures that total compensation paid to all active NEOs is fair and reasonable and is consistent with the Company's compensation philosophy.

The Compensation Committee is comprised of Borden Putnam, John Fognani and Greg Shenton, all of whom are independent directors of the Company and have the skills and experience necessary to enable them to deal with compensation matters. See information regarding the skills and experience of each Compensation Committee member please see the section entitled "*Election of Directors*" in this Circular.

#### *Elements of Compensation*

The Board has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, executive officers are paid a monthly consulting fee or salary. Second, the Board awards executive officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The following table provides each element of compensation and the link to both the compensation and corporate objectives:

<b>Compensation Element</b>	<b>Link to Compensation Objective</b>	<b>Link to Corporate Objectives</b>
Base Salary and/or Consulting Fees	Attract and Retain	Competitive pay ensures access to skilled employees necessary to achieve corporate objectives
Bonuses	Motivate and Reward	Short-term incentives motivates and reward senior officers to increase Shareholder value by the achievement of short term –corporate strategies and objectives

Stock Options	Motive and Reward Align interest with shareholders	Long-term incentive motivate and reward senior officers to increase Shareholder value by the achievement of long terms corporate strategies and objectives
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The base compensation of the executive officers is reviewed and set annually by the Board. The CEO has substantial input in setting annual compensation levels. The CEO is directly responsible for the financial resources and operations of the Company. In addition, the CEO and the Board from time to time determine the stock option grants to be made pursuant to the Company's Stock Option Plan. Previous grants of stock options are taken into account when considering new grants.

The Board considers and assesses the implications of risks associated with the Company's compensation policies and practices and devotes such time and resources as is believed to be necessary in the circumstances. The Company'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 Company retains such officers; and (ii) aligning the interest of its officers with the short-term and long-term objectives of the Company and its shareholders. As at the date of this Circular, the Board has not indentified risks arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

It is the Company's position that it is improper and inappropriate for any personnel of the Company to engage in short term or speculative transactions involving the Company's securities. It is the policy of the Company that NEOs and their related parties should not engage in any such transactions, including, for example, short sales (*i.e.*, selling stock such person does not own and borrowing the shares to make delivery) and buying or selling puts, calls or other derivatives in securities of the Company.

The Company became a reporting issuer on December 4<sup>th</sup>, 2013 which is after the completion of the most recently completed financial year end. Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependant on the Company's financial resources and prospects.

### **Options Based Awards**

Stock option grants are made on the basis of the number of stock options currently held, position, overall individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders.

## **SUMMARY COMPENSATION TABLE**

### **Summary Compensation Table**

The Company was incorporated on July 25, 2013 and became a reporting issuer on December 4<sup>th</sup>, 2013. It did not pay any compensation to its Named Executive Officers during its most recently completed financial year ended September 30, 2013.

## INCENTIVE PLAN AWARDS

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

The Company was incorporated on July 25, 2013 and became a reporting issuer on December 4<sup>th</sup>, 2013. It did not grant any share or option based awards during its most recently completed financial year ended September 30, 2013.

#### Narrative Discussion

On December 10<sup>th</sup>, 2013 the Company awarded an initial option grant to its directors and employees with an expiry date of December 11, 2018. The Company granted 1,875,000 options (the “December Grant”), each with an exercise price of \$0.30 with 1/3 vesting on the day of grant, 1/3 vesting on the first anniversary of the grant date and the remaining 1/3 vesting on the two year anniversary of the grant date. On January 27<sup>th</sup>, 2014 the Company topped up an employee option grant with a further 25,000 options on the same terms and conditions as the December Grant. The full text of the Stock Option Plan is attached hereto as Schedule “A”. For a narrative description of the Stock Option Plan, please see the section entitled “*Particulars of Matters to be Acted on – Adopting Stock Option Plan*” in this Circular.

## PENSION BENEFITS

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

## TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company and Terry Krepiakevich entered into a management agreement dated October 11, 2013 (the “Management Agreement”). Under the Management Agreement, the Company engaged Mr. Krepiakevich as CEO of the Company and agreed to pay Mr. Krepiakevich a consulting fee of \$240,000. The Management Agreement provides that: (a) either the Company or Mr. Krepiakevich may terminate the Management Agreement summarily without notice if the other party is in material breach; (b) either the Company or Mr. Krepiakevich may terminate the Management Agreement at any time upon thirty days’ notice; and (c) the Company may terminate the Management Agreement summarily without notice if, at any time during the term, the Company, in its sole discretion, determines that the Mr. Krepiakevich is performing his duties in an unsatisfactory manner. The Management Agreement does not have any specific provisions that are triggered in the event of a change of control

Mr. Epshtein and Ms. Hansen resigned as Chief Financial Officer and Secretary of the Company effective January 6<sup>th</sup>, 2014. The Company did not pay any severance in connection with those resignations.

## DIRECTOR COMPENSATION

### Director Compensation

During the fiscal year ended September 30<sup>th</sup>, 2013 the directors were the same as the NEO’s disclosed above. Tracy Hansen and Eduard Epshtein resigned as directors on October 7, 2013. No compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts, during the Company’s most recently completed financial year.

#### Narrative Discussion

No compensation was paid to directors in their capacity as directors of the Company, in their capacity as members of a committee of the Board, or as consultants or experts, during the Company's most recently completed financial year. On December 10<sup>th</sup>, 2013, the Company approved a compensation package for directors whereby each director would receive fees \$25,000 per annum with the Chairman receiving \$80,000.

#### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The Company did not have any securities authorized for issuance under equity compensation plans as of September 30, 2013.

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

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

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

The Company is unaware 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 of the Company or is a proposed nominee for election as a director of the Company (or an associate or affiliate of such director, director nominee or executive officer) at any time since the beginning of the Company's last financial year in any matter to be acted upon at the Meeting other than the election of directors.

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

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

#### **MANAGEMENT CONTRACTS**

No management functions of the Company or its subsidiaries are to any substantial degree performed by a person or company other than the directors or executive officers of the Company or its subsidiaries.

#### **APPOINTMENT OF AUDITOR**

The management of the Company intends to nominate MacKay LLP, Chartered Accountants, for re-appointment as auditor of the Company. Forms of proxy given pursuant to the solicitation by the management of the Company will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of MacKay LLP, Chartered Accountants, as auditor of the Company to hold office until the close of the next annual general meeting of the Company, at a remuneration to be fixed by the directors. MacKay LLP, Chartered Accountants, was first appointed as auditor of the Company in 2013.

## AUDIT COMMITTEE

The Company is a “venture issuer” as that term is defined under National Instrument 52-110 – *Audit Committee* (“NI 52-110”). NI 52-110 requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor.

The Company is required under the rules of the TSX-V to have an audit committee comprised of not less than three directors, a majority of whom are not officers or employees of the Company or of an affiliate of the Company. Currently, the members of the audit committee are Greg Shenton, Borden Putnam and John Fognani, none of whom are officers or employees of the Company or an affiliate of the Company.

### **Audit Committee Charter**

The text of the audit committee’s charter is attached as Schedule “B” to this Circular.

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

NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of the member’s independent judgment.

All of the members of the audit committee of the Company are independent, as that term is defined in NI 52-110.

### **Relevant Education and Experience**

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

All of the current members of the Company’s audit committee are financially literate as that term is defined.

Based on their business and educational experiences, each current member of the audit has a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience analyzing and evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

### ***Greg Shenton, Chairman of the Audit Committee***

Mr. Shenton is a Chartered Accountant and has been Chief Financial Officer (“CFO”) of Peregrine Diamonds Ltd. since February 1, 2006. Prior to that he was CFO for Jinshan Gold Mines from November 2003 to December 2005 and CFO for Asia Gold Corp. from August 2003 to July 2006.

### ***Borden Putnam, member of the Audit Committee***

Mr. Putnam has been a financial analyst in the investment management industry for approximately 15 years. He was the Managing Director and Principal Analyst at Eastbourne Capital Management and Robertson Stephens from 1996 to 2009 and a professional geologist with MRDI (Amec), Newmont Explorativo and

AMAX Exploration from 1976 to 1996. Mr. Putnam is a registered professional geologist in the States of California and Wyoming.

***John Fognani, member of the Audit Committee***

Mr. Fognani has over 36 years of practice experience in natural resources and environmental law. He has advised numerous clients on matters pertaining to Sarbanes Oxley, initial public offerings, private placements, equity arrangements and financings. Mr. Fognani has been involved in the preparation of financial statements and balance sheets for U.S., Canadian and Asian companies.

**Audit Committee Oversight**

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

**Reliance on Certain Exemptions**

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

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

**Pre-Approval Policies and Procedures**

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

**Audit Fees**

The following table sets forth the fees paid by the Company to MacKay LLP, for services rendered for the fiscal year ended September 30, 2013:

	<u><b>2013</b></u>
Audit fees <sup>(1)</sup>	\$27,540
Audit-related fees <sup>(2)</sup>	Nil
Tax fees <sup>(3)</sup>	Nil
All other fees	Nil
<b>Total</b>	<b>\$27,540</b>

**Notes:**

- (1) The aggregate audit fees billed by the Company's auditor (or accrued).
- (2) The aggregate fees billed (or accrued) for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees".
- (3) The aggregate fees billed (or accrued) for professional services rendered for tax compliance, tax advice and tax planning.

**Exemption in Section 6.1**

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Part 5 (*Reporting Obligations*).



## CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, requires all companies to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “Guidelines”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Company’s approach to corporate governance is set out below.

### **Board of Directors**

Management is nominating five individuals to the Board, three of which are “independent” as defined in NI 52-110.

The Guidelines suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. Of the proposed nominees, Mr. Birkenshaw and Mr. Krepiakevich have a “material relationship” with the Company as Mr. Birkenshaw received a compensation payment of \$125,000 for his role in the transaction that created the Company and Mr. Krepiakevich is CEO of the Company. Accordingly they are not considered to be “independent” within the meaning of NI 52-110. The other nominees are considered by the Board to be “independent” within the meaning of NI 52-110.

### **Directorships**

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

- David Birkenshaw is a director of Planet Mining Exploration Inc., Kaizen Discovery Inc. and California Gold Mining Inc.;
- Terry Krepiakevich is a director of Western Lithium USA Corporation, Kaizen Discovery Inc., Alexco Resource Corp., Nova Copper Inc. and St. Augustine Gold and Copper Limited;
- John Fognani is not a director on any other public company’s board;
- Borden R. Putman is a director of Mirasol Resources Ltd.; and
- Greg Shenton is not a director on any other public company boards.

### **Orientation and Continuing Education**

The Board does not have any formal policies with respect to the orientation of new directors nor does it take any measures to provide continuing education for the directors. At this stage of the Company’s development the Board does not feel it necessary to have such policies or programs in place. Mr. Krepiakevich is a member of the Institute of Corporate Directors.

### **Ethical Business Conduct**

The current limited size of the Company’s operations allows the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. To formalize the desire for conducting business with integrity, the Board has adopted a Code of Business Conduct and Ethics, a copy of which is available for viewing at the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com). The Company has also adopted a whistleblower policy to ensure all employees have an avenue to report unethical conduct.

## **Nomination and Assessment**

The Board has formed a Nominating and Corporate Governance committee to make recommendations to the Board regarding potential Board members. The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions. The Company conducts the due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve.

## **Compensation**

The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current compensation arrangements, which currently consist of incentive stock options and a board fee of \$25,000 per annum for board members and \$80,000 per annum for the Chairman, adequately reflect the responsibilities and risks involved in being an effective director of the Company. The overall remuneration is determined by the Board as a whole, which allows the independent directors to have input into compensation decisions. The Board has appointed a fully independent Compensation committee composed of John Fognani (Chair), Greg Shenton and Borden Putnam.

## **Other Board Committees**

At the present time, the only standing committees are the Audit committee, the Compensation committee, and the Corporate Governance and Nominating committee.

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

### **Adopting Stock Option Plan**

Shareholders are being asked to approve the Company's stock option plan (the "Stock Option Plan"). The Stock Option Plan has received approval from the TSX Venture Exchange (the "Exchange").

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, a copy of which is attached hereto as Schedule "A" and will also be available for review at the Meeting and at the Company's offices (1100-355 Burrard St., Vancouver, British Columbia, V6C 2G8) for ten (10) business days prior to the Meeting, during business hours.

1. Options may be granted to Service Providers of the Company which includes, directors, officers, employees, management company employees or consultants and also includes a company, of which 100% of the share capital is beneficially owned by one or more Service Providers.
2. The maximum number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 2,568,826 Common Shares being that number equal to 15% of the issued and outstanding common shares of the Company at the time of grant, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the closing price of the Company's shares traded through the facilities of the TSX Venture Exchange (the "Exchange") on the date prior to the date of grant, less allowable discounts, in accordance with the policies of the Exchange.
2. The Board shall not grant options to any one person in any 12 month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.

3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding ten years from the date on which the board of directors grant and announce the granting of the option.
4. If the option holder ceases to be a director of the Company or ceases to be employed by the Company (other than by reason of death), or ceases to be a consultant of the Company as the case may be, then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director, ceases to be employed by the Company or ceases to be a consultant of the Company, subject to the terms and conditions set out in the Stock Option Plan.

Since becoming a reporting issuer on December 4th, 2013, the Company has granted 1,900,000 options to purchase Common Shares to directors and employees. As at March 5, 2014, an aggregate of 668,826 Common Shares were available for issuance pursuant to the Stock Option Plan. In accordance with the policies of the Exchange, the Stock Option Plan must be approved by Shareholders prior to any optionee being able to exercise their options.

Accordingly, at the Meeting, the shareholders will be asked to pass the following resolution:

**“IT IS RESOLVED THAT the Stock Option Plan is hereby approved.”**

#### **General Matters**

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

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company at 604-221-7994.

#### **BOARD APPROVAL**

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

DATED at Vancouver, British Columbia, the 5<sup>th</sup> day of March, 2014.

#### **ON BEHALF OF THE BOARD**

(signed)

David Birkenshaw  
Chairman of the Board

## SCHEDULE "A"

### MERYLLION RESOURCES CORPORATION (the "Company")

#### STOCK OPTION PLAN

#### ARTICLE 1 PURPOSE AND INTERPRETATION

##### Purpose

1.1 The purpose of this Plan will be to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with the rules and policies of the TSX Venture Exchange (or "TSX Venture") (the "TSX Venture Policies") and any inconsistencies between this Plan and the TSX Venture Policies whether due to inadvertence or changes in TSX Venture Policies will be resolved in favour of the latter.

##### Definitions

1.2 In this Plan

**Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;

**Associate** has the meaning assigned by the Securities Act;

**Blackout Period** means a period, formally imposed by the Company's policy respecting restrictions on Participants' trading, during which designated Participants cannot trade Common Shares as a result there existing bona fide undisclosed Material Information with respect to the Company which is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or, in respect of a Participant, that Participant are subject;

**Board** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant options under this Plan;

**Change of Control** includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

- (i) any one Person holds a sufficient number of voting shares of the Company or resulting company to affect materially the control of the Company or resulting company; or
- (ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold in total a sufficient number of voting shares of the Company or its successor to affect materially the control of the Company or its successor,

where such Person or combination of Persons did not previously hold a sufficient number of voting shares to affect materially control of the Company or its successor. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the Company or its successor is deemed to materially affect the control of the Company or its successor;

**Common Shares** means common shares without par value in the capital of the Company providing such class is listed on the TSX Venture;

**Company** means the corporation named at the top hereof and includes, unless the context otherwise requires, all of its subsidiaries or affiliates and successors according to law;

**Consultant** means a Person or Consultant Company, other than an Employee, Officer or Director that:

- (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
- (ii) provides the services under a written contract between the Company or an Affiliate and the Person or the Consultant Company, as the case may be;
- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
- (iv) has a relationship with the Company or an Affiliate that enables the Person or Consultant Company to be knowledgeable about the business and affairs of the Company;

**Consultant Company** means a Consultant that is a company;

**Directors** means the directors of the Company as may be elected from time to time;

**Discounted Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;

**Disinterested Shareholder Approval** means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to shares beneficially owned by Service Providers or their Associates;

**Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;

**Effective Date** for an Option means the date of grant thereof by the Board;

**Employee** means:

- (a) a Person who is considered an employee under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and Canadian Pension Plan deductions must be made at source);
- (b) a Person who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and

direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or

- (c) a Person who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;

**Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;

**Expiry Date** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;

**Fair Market Value** of a Common Share on a day means the closing price of the Common Shares on the TSX Venture on the last trading day on which Common Shares traded prior to such day; provided that, if no Common Shares traded in the five trading days prior to such day, the Fair Market Value shall be the average of the closing bid and ask prices over the last five trading days prior to such day;

**Insider** means

- (i) an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company; or
- (ii) an Associate of any person who is an Insider by virtue of subsection (i) above;

**Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies, and means generally any activities or communications that can reasonably be seen to be intended to or be primarily intended to promote the merits or awareness of or the purchase or sale of securities of the Company;

**Listed Shares** means the number of issued and outstanding shares of the Company that have been accepted for listing on the TSX Venture, but excluding dilutive securities not yet converted into Listed Shares;

**Management Company Employee** means a Person employed by another Person or a corporation providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a corporation or Person engaged primarily in Investor Relations Activities;

**Material Information** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;

**NEX** means a separate board of TSX Venture for companies previously listed on TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;

**Officer** means a duly appointed senior officer of the Company;

**Option** means the right to purchase Common Shares granted hereunder to a Service Provider;

**Option Commitment** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule A hereto;

**Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;

**Optionee** means the recipient of an Option hereunder;

**Participant** means a Service Provider that becomes an Optionee;

**Person** means a company or an individual;

**Plan** means this Share Option Plan, the terms of which are set out herein or as may be amended;

**Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in Section 2.2;

**Regulatory Approval** means the approval of the TSX Venture and any other securities regulatory authority that may have lawful jurisdiction over the Plan and any Options issued hereunder;

**Securities Act** means the *Securities Act*, R.S.B.C. 1996, c. 418, as amended from time to time;

**Service Provider** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee or Consultant, and also includes a company, of which 100% of the share capital is beneficially owned by one or more Person Service Providers;

**Share Compensation Arrangement** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;

**Shareholders Approval** means approval by a majority of the votes cast by eligible shareholders at a duly constituted shareholders' meeting;

**TSX Venture** has the meaning given to it in Section 1.1 and includes any successor thereto; and

**TSX Venture Policies** has the meaning given to it in Section 1.1 as same may be amended from time to time.

### **Other Words and Phrases**

1.3 Words and Phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies, will have the meaning assigned to them in the TSX Venture Policies.

### **Gender**

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

## **ARTICLE 2 SHARE OPTION PLAN**

### **Establishment of Share Option Plan**

2.1 There is hereby established a Share Option Plan to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates, pursuant to which Options may be granted by the Company in accordance with the terms of hereof to purchase such number of Shares as the Board may determine from time to time, in accordance with and subject to the provisions of this Plan.

### **Maximum Plan Shares**

2.2 The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan is 2,568,826 Common Shares, being that number of Common Share as is equal to 15% of the total number of Listed Shares as of the date hereof, unless this Plan is amended pursuant to the requirements of the TSX Venture Policies.

### **Eligibility**

2.3 Options to purchase Common Shares may be granted hereunder to Service Providers from time to time by the Board. Service Providers that are corporate entities will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its shares, nor issue more of its shares (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

### **Options Granted Under the Plan**

2.4 All Options granted under the Plan will be evidenced by an Option Commitment in the form attached as Schedule A, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.5 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

### **Limitations on Issue**

2.6 Subject to Section 2.9, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Listed Shares, calculated at the time of grant (unless the Company is classified as a Tier 1 Company by the TSX Venture and has obtained Disinterested Shareholder Approval under Section 2.9(a)(iii) to do so);
- (b) no Options can be granted under the Plan if the Company is designated "Inactive" (as defined in TSX Venture Policies) by the TSX Venture;
- (c) the aggregate number of Options granted to Service Providers conducting Investor Relations Activities in any 12-month period must not exceed 2% of the Listed Shares, calculated at the time of grant, without the prior consent of TSX Venture;



(d) the aggregate number of options granted to any one Consultant in any 12-month period must not exceed 2% of the Listed Shares, calculated at the time of grant, without the prior consent of TSX Venture; and

(e) no Options can be granted under the Plan while the Board is aware of any undisclosed Material Information relating to the Company.

### **Options Not Exercised**

2.7 In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issue.

### **Powers of the Board**

2.8 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to:

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;
- (c) subject to Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the written consent of all Optionees, alter or impair any Option previously granted under the Plan unless as a result of a change in TSX Venture Policies or the Company's tier classification thereunder;
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do; and
- (e) may in its sole discretion amend this Plan (except for previously granted and outstanding Options) to reduce the benefits that may be granted to Service Providers (before a particular Option is granted) subject to the other terms hereof.

### **Terms or Amendments Requiring Disinterested Shareholder Approval**

2.9 The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's previously established and outstanding stock option plans or grants, could permit at any time in:
  - (i) the aggregate number of shares reserved for issuance under stock options granted to Insiders (as a group at any point in time) exceeding 10% of the Listed Shares;
  - (ii) the number of Optioned Shares issued to Insiders (as a group) within a one-year period exceeding 10% of the Listed Shares calculated at the date an Option is granted to any Insider; or,

- (iii) the issuance to any one Optionee, within a 12-month period, of a number of shares exceeding 5% of Listed Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Optionee where the Optionee is an Insider at the time of proposed amendment.

### **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

#### **Exercise Price**

3.1 The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price.

#### **Term of Option**

3.2 An Option can be exercisable for a maximum of 10 years from the Effective Date.

3.3 Should the term of an Option expire on a date that falls within a Blackout Period, such expiration date shall be automatically extended without any further act or formality to that date which is the 10<sup>th</sup> day after the end of the Blackout Period, such 10<sup>th</sup> day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding Sections 3.4 and 3.5 of this Plan, the 10 day period referred to in this Section 3.3 may not be extended by the Board.

#### **Option Amendment**

3.4 Subject to Section 2.9(b), the Exercise Price of an Option may be amended only if at least 6 months have elapsed since the later of the date of commencement of the term of the Option, the date the Company's shares commenced trading on the TSX Venture, or the date of the last amendment of the Exercise Price.

3.5 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in Sections 3.2 and 3.3.

3.6 Any proposed amendment to the terms of an Option must be approved by the TSX Venture prior to the exercise of such Option.

#### **Vesting of Options**

3.7 Vesting of Options is otherwise at the discretion of the Board, and will generally be subject to:

- (a) the Service Provider remaining employed by, or continuing to provide services to, the Company or any of its subsidiaries and Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its subsidiary or affiliate during the vesting period; or
- (b) remaining as a Director of the Company or any of its subsidiaries or Affiliates during the vesting period.

### **Vesting of Options Granted for Investor Relations Activities**

- 3.8 Options granted to Consultants conducting Investor Relations Activities will vest:
- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
  - (b) such longer vesting period as the Board may determine.

### **Variation of Vesting Periods**

- 3.9 At the time an Option is granted which carries vesting provisions, the Board may vary such vesting provisions provided in Sections 3.7 and 3.8, subject to Regulatory Approval.

### **Optionee Ceasing to be Director, Employee or Service Provider**

- 3.10 No Option may be exercised after the Service Provider has left the employ/office or has been advised his services are no longer required or his service contract has expired, except as follows:
- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
  - (b) Options granted to any Service Provider must expire within 90 days after the date the Optionee ceases to be employed with or provide services to the Company, but only to the extent that such Optionee was vested in the Option at the date the Optionee ceased to be so employed or to provide services to the Company; and
  - (c) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

### **Non Assignable**

- 3.11 Subject to Section 3.10(a), all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

### **Adjustment of the Number of Optioned Shares**

- 3.12 The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:
- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
  - (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will

thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;

(c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;

(d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this Section 3.12(d);

(e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this Section are cumulative;

(f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this Section 3.12(f), be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and

(g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this Section 3.12, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Vancouver, British Columbia (or in the city of the Company's principal executive office) that the Company may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

### **Bankruptcy or Insolvency of Participant:**

3.13 In the case of a Participant committing an act of bankruptcy or any proceeding being commenced against a Participant under the *Bankruptcy and Insolvency Act* (Canada) or other applicable bankruptcy or insolvency legislation in force at the time of such bankruptcy and such proceeding remains undismissed for a period of 30 days, no Option held by such Participant may be exercised following the date on which such Participant commits such act of bankruptcy or such proceeding remains undismissed, as the case may be.

## **ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES**

### **Option Commitment**

4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

### **Manner of Exercise**

4.2 An Optionee who wishes to exercise his Option may do so by delivering:

- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
- (b) cash or a certified cheque payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired.

### **Delivery of Certificate and Hold Periods**

4.3 As soon as practicable after receipt of the notice of exercise described in Section 4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a legend stipulating any resale restrictions required under applicable securities laws.

## **ARTICLE 5 GENERAL**

### **Employment and Services**

5.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee will be voluntary.

### **No Rights of Shareholder**

5.2 No Participant shall have any rights as a shareholder of the Company with respect to any Common Shares until such Participant shall have exercised such Option in accordance with the terms of the Plan (including, if exercising pursuant to Section 4.2, tendering payment in full of the aggregate exercise price in respect of which the Option is being exercised).

### **No Representation or Warranty**

5.3 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of such Participant and not the Company.

## **Interpretation**

5.4 The Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

## **Amendment of the Plan**

5.5 The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this Plan to Service Providers.

## **Applicable Laws or Regulations**

5.6 The Plan, the grant and exercise of Options hereunder and the Company's obligation to sell and deliver Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of any stock exchange on which the Common Shares are listed for trading and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obligated by any provision of the Plan or the granting of any Option hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals. No Option shall be granted and no Common Shares issued or sold hereunder where such grant, issue or sale would require registration of the Plan or the Optioned Shares under the securities laws of any jurisdiction and any purported grant of any Option or issue or sale of Optioned Shares hereunder in violation of this provision shall be void. In addition, the Company shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading. Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws and the rules of any stock exchange on which the Common Shares are then listed. If required by the relevant exchange, the share certificates issued upon the exercise of any Options shall bear a legend setting out the required restrictions on sale or resale. The Company's obligation to issue Common Shares pursuant to the exercise of any Option shall be subject to the receipt from the Participant of such representations, warranties, agreements and undertakings, as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction and/or as may be required by any stock exchange on which the Common Shares are then listed.

**SCHEDULE A**  
**SHARE OPTION PLAN**  
**OPTION COMMITMENT**

Notice is hereby given that, effective this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the “Effective Date”) Meryllion Resources Corporation (the “Company”) has granted to \_\_\_\_\_ (the “Service Provider”), an Option to acquire \_\_\_\_\_ Common Shares (“Optioned Shares”) up to 5:00 p.m. Vancouver Time on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the “Expiry Date”) at a Exercise Price of Cdn\$ \_\_\_\_\_ per share.

Optioned Shares will vest and may be exercised as follows:

<b>Dates</b>	<b>Cumulative Number of Shares which may be Purchased</b>
Immediately	0 common shares
◆	0 common shares

This Option Commitment and the Option evidenced hereby are not assignable, transferable or negotiable and are subject to the detailed terms and conditions contained in the Company’s stock option plan (the “Plan”). This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail.

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with cash or a certified cheque payable to the Company for the aggregate Exercise Price, to the Company. A certificate for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter and will bear a minimum four month non-transferability legend from the date of this Option Commitment.

The Company and the Service Provider represent that the Service Provider under the terms and conditions of the Plan is a bona fide [EMPLOYEE/ CONSULTANT/MANAGEMENT COMPANY EMPLOYEE] \_\_\_\_\_ of the Company, entitled to receive Options under TSX Venture Exchange Policies.

The Service Provider also acknowledges and consents to the collection and use of Personal Information by both the Company and the TSX Venture as more particularly set out in Appendix 6A of the TSX Venture Exchange Policies.

**MERYLLION RESOURCES CORPORATION**

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
(◆ SIGNATURE OF OPTIONEE)

## **SCHEDULE “B”**

### **MERYLLION RESOURCES CORPORATION (the “Company”)**

#### **AUDIT COMMITTEE CHARTER**

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

The audit committee will:

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



entities by the Company's external auditor;

- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company; and
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and Chief Financial Officer to comply with Multilateral Instrument 52-109.

### **Composition of the Committee**

The committee will be composed of three directors from the Company's board of directors, a majority of whom are not officers or employees of the Company or an affiliate of the Company.

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

### **Authority**

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

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

### **Reporting**

The reporting obligations of the committee will include:

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