

**CORO MINING CORP.**  
Suite 1280 – 625 Howe Street  
Vancouver, BC V6C 2T6

**INFORMATION CIRCULAR**  
(as at June 17, 2015 except as otherwise indicated)

**SOLICITATION OF PROXIES**

This information circular (the “Circular”) is provided in connection with the solicitation of proxies by the management of Coro Mining Corp. (the “Company”). The form of proxy which accompanies this Circular (the “Proxy”) is for use at the annual general and special meeting of the shareholders of the Company to be held on July 16, 2015 (the “Meeting”), at the time and place set out in the accompanying notice of meeting (the “Notice of Meeting”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

**APPOINTMENT AND REVOCATION OF PROXY**

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person's name in the blank space provided.** The completed Proxy should be delivered to Computershare Trust Company of Canada by 9:00 a.m. (Pacific time) on July 14, 2015 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.

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

**Advice to Beneficial Holders of Common Shares**

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name. Shareholders who hold their common shares through their brokers, intermediaries, trustees or other persons, or who**

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

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

The Notice of Meeting, Circular, Proxy and VIF, as applicable, are being provided to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

The Company has distributed copies of the Notice of Meeting, Circular and VIF to intermediaries for distribution to NOBOs. Unless you have waived your right to receive the Notice of Meeting, Circular and

VIF, intermediaries are required to deliver them to you as a NOBO of the Company and to seek your instructions on how to vote your common shares.

The Company's OBOs can expect to be contacted by Broadridge or their brokers or their broker's agents. The Company will assume the costs associated with the delivery of the Notice of Meeting, Circular and VIF, as set out above, to OBOs by intermediaries.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Company or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. If such a request is received, the Company or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Company or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 9:00 a.m. (Vancouver time) on the day which is at least three business days prior to the Meeting. **A Beneficial Shareholder who wishes to attend the Meeting and to vote their common shares as proxyholder for the registered shareholder, should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

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

## Financial Statements

The audited consolidated financial statements of the Company for the year ended December 31, 2014, together with the auditor's report on those statements, will be presented to the shareholders at the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of the accompanying Notice of Meeting, the Company's authorized capital consists of an unlimited number of common shares without par value of which 159,372,180 common shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote. Shareholders registered as at May 25, 2015 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, 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:

Member	Number of Shares	Percentage of Issued Capital
DUNDEE CORPORATION	17,203,000	10.8%

As at June 17, 2015, the total number of common shares owned or controlled by Management and the directors of the Company and their associates or affiliates was 14,052,238 common shares, representing 8.8% 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. Management 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 Management will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director.

The number of directors on the board of directors (the “Board”) of the Company is currently set at six.

As part of its on-going review of corporate governance practices, on March 15, 2013 the Board adopted a policy providing that in an uncontested election of directors, any nominee who receives a greater number of votes “withheld” than votes “for” (a “Majority Withhold Vote”) will tender his or her resignation to the Chairman of the Board or the Company’s Corporate Governance and Nominating Committee (the “Corporate Governance and Nominating Committee”) promptly following the shareholders’ meeting. The Corporate Governance and Nominating Committee will consider the offer of resignation and will make a recommendation to the Board on whether to accept it. The Corporate Governance Committee and Nominating Committee and the Board will evaluate any such tendered offer or resignation, in accordance with their fiduciary duties to, and in furtherance of the best interests of, the Company and its shareholders. The Board may accept or reject the offer of resignation, or it may decide to pursue additional actions, including, without limitation, the following:

- allow the director to remain on the Board and continue to serve but not be nominated for re-election to the Board at the next election of directors;
- defer the acceptance of the resignation until the director vacancy created by the resignation can be filled by the Board with a replacement/successor director meeting all the necessary qualifications and criteria for Company directors and satisfying all other legal and regulatory requirements with respect to the composition of the Board (such as “independence” requirements established by securities regulators or securities exchange listing requirements);
- defer the acceptance of the resignation if it is determined that the underlying cause of the Majority Withhold Vote can be cured by the director or otherwise within a specified period of time (such as if the Majority Withhold Vote was due to the relevant director receiving such vote serving on the board of directors of another entity, by resigning from such other board); or
- defer the acceptance of the resignation for other reasons determined by the Board to be in the best interests of the Company in the exercise of its fiduciary duties and business judgment.

The Board’s decision will be disclosed in a news release within four business days after the decision.

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 period or periods during which each director has served as a director of the Company, 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>ALAN J. STEPHENS</b> West Sussex, United Kingdom  <i>President, Chief Executive Officer and Director</i>	President and Chief Executive Officer of the Company since January 2005.	January 5, 2005	1,783,434 <sup>(5)</sup>
<b>MICHAEL D. PHILPOT</b> British Columbia, Canada  <i>Executive Vice-President, Corporate Secretary and Director</i>	Executive Vice President and Corporate Secretary of the Company since February 2005.	February 15, 2005	8,431,633
<b>ROBERT A. WATTS</b> <sup>(2) (4)</sup> British Columbia, Canada  <i>Director and Chairman</i>	Director of the Company; President, Wattline Management Ltd. (a financial consultant to mining industry).	April 1, 2005	510,000
<b>ALVIN W. JACKSON</b> <sup>(2)(3)(4)</sup> British Columbia, Canada  <i>Director</i>	Consulting Geologist; Chief Executive Officer and Chairman of Brazilian Gold Corporation., (a base mineral and uranium mining exploration company) from October 2005 until February 2011, Chairman until June 2011; Chairman and Director of Western Standard Metals Ltd. from November 2003 until July 2010; Director of Freegold Ventures Ltd. since March, 2010 and VP of Exploration since February 2011.	August 31, 2005	150,000
<b>RODERICK J. WEBSTER</b> <sup>(2)(3)(4)</sup> London, United Kingdom  <i>Director</i>	Chief Executive Officer of Weatherly International PLC (an integrated base metals producer) since July 2005.	October 18, 2006	Nil
<b>GORDON J. FRETWELL</b> <sup>(3)</sup> British Columbia, Canada  <i>Director</i>	Self-employed Solicitor of Gordon Fretwell Law Corporation since 1991 to present.	June 10, 2009	730,488

**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 (the "Audit Committee").
- (3) Member of the Company's Compensation Committee (the "Compensation Committee").
- (4) Member of the Company's Corporate Governance and Nominating Committee.
- (5) Includes 66,667 common shares owned by Alan Stephens' spouse.

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**

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

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

Alvin Jackson, a director of the Company, was a director of Andean American Mining Corp. (“Andean”) from March 13, 2007 to September 17, 2007. Andean was issued a cease trade order (the “CTO”) by the British Columbia Securities Commission on August 3, 2007 for failure to file a fully compliant National Instrument 43-101 - *Standards for Disclosure of Mineral Projects* (“NI 43-101”) technical report. The CTO was in effect when Mr. Jackson resigned from the board of directors of Andean, but resumed trading in October 2007.

In October 2006, Pine Valley Mining Corporation, formerly listed on the Toronto Stock Exchange, filed for creditor protection under the *Companies’ Creditors Arrangement Act*. Gordon Fretwell resigned as a director of Pine Valley Mining Corporation the year prior to its filing for creditor protection.

#### **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.

### **EXECUTIVE COMPENSATION**

For the purposes of this Circular:

“CEO” of the Company means each individual who served as Chief Executive Officer of the Company or acted in a similar capacity for any part of the most recently completed financial year.

“CFO” of the Company means each individual who served as Chief Financial Officer of the Company or acted in similar capacity for any part of the most recently completed financial year.

“NEO” or “named executive officer” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with Form 51-102F6 - *Statement of Executive Compensation*, for that financial year; and

- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

During the financial year ended December 31, 2014, the Company had five Named Executive Officers of the Company, being: Alan J. Stephens, President and Chief Executive Officer; Damian Towns, Chief Financial Officer; Marcelo Cortes, Vice President of Project Development; Michael Philpot, Executive Vice President and Corporate Secretary; and Sergio Rivera, Vice President of Exploration.

## **COMPENSATION DISCUSSION & ANALYSIS**

### **Compensation Discussion & Analysis**

The Compensation Committee directs the design and provides oversight of the Company's executive compensation program and has overall responsibility for recommending levels of executive compensation that are competitive in order to attract, motivate and retain highly skilled and experienced executive officers. The Compensation Committee does not have a formal compensation program with set benchmarks, however, the Compensation Committee does have an informal program which seeks to reward an executive officer's current and future expected performance and the achievements of corporate milestones and align the interests of executive, officers with the interest of the Company's shareholders.

The Compensation Committee has not formally considered the risks associated with the Company's compensation policies and practices. The Company's compensation policies and practices give greater weight toward long-term incentives to mitigate the risk of encouraging short term goals at the expense of long-term sustainability. The discretionary nature of annual bonus awards and option grants are significant elements of the Company's compensation plans and provide the Board and the Compensation Committee with the ability to reward historical performance and behaviour that the Board and the Compensation Committee consider to be aligned with the Company's best interests.

The Company has attempted to minimize those compensation practices and policies that expose the Company to inappropriate or excessive risks.

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

The compensation awarded to, earned by, paid to or payable to each of the Named Executive Officers for the most recently completed financial year is set out under the heading, "*Compensation Discussion & Analysis – Summary Compensation Table*".

### **Compensation Review Process / Compensation Governance**

The Compensation Committee reviews on an annual basis the cash compensation, performance and overall compensation package of each executive officer, including the Named Executive Officers. It then submits to the Board recommendations with respect to basic salary, bonus and participation in share compensation arrangements for each executive officer.

The Compensation Committee ensures that the Company has an executive compensation plan that is fair, motivational and competitive, so that it will attract, retain and incentivize executive officers of a quality and nature that will enhance the growth and development of the Company.

In establishing levels of remuneration, stock option and bonus grants, the Compensation Committee is guided by the following principles:

- compensation is determined on an individual basis by the need to attract and retain talented, qualified and effective executives;
- total compensation is set with reference to the market for similar positions in comparable companies and with reference to the location of employment; and
- the current market and economic environment.

The Compensation Committee is currently comprised of three independent directors; Mr. Fretwell, Mr. Jackson and Mr. Webster. The Board is satisfied that the composition of the Compensation Committee ensures an objective process for determining compensation. All members of the Compensation Committee have had significant experience in the mining sector, including the junior exploration sector and on other boards of directors. The responsibilities, powers and operation of the Compensation Committee are included in the Charter of the Compensation Committee which is included in Appendix A.

### **Objectives**

The objectives of the Company's NEO compensation program are to: (a) attract, motivate and retain high-calibre NEO's; (b) align the interests of the NEOs with those of the Company's shareholders; and (c) incentivise the NEOs to continuously improve operations and execute on corporate strategy. The NEO compensation program is, therefore, designed to reward the NEOs for increasing shareholder value, and improving operations and executing on corporate strategy.

### **Assessment of Individual Performance**

Individual performance in connection with the achievement of corporate milestones and objectives is reviewed by the Compensation Committee for all executive officers. While awards are generally tied to performance against quantitative objectives, consideration is also given to an individual's qualitative contribution to the Company. For example, the Compensation Committee will evaluate the individual's leadership skills, commitment to the Company's shareholders, innovation and teamwork.

As the Company has a small team of executive officers, a high degree of commitment and performance is required from each individual to achieve corporate milestones and objectives. This high degree of commitment and performance was demonstrated in 2014 by each executive officer with the following accomplishments:

- each executive officer's consistent and focused leadership, evidenced during challenging times;
- each executive officer's leadership in strengthening the Company's ability to manage risk, especially during the Company's transition from exploration stage to development stage; and
- each executive officer's role in the enhancement of the Company's profile in the public marketplace.

### **Elements of Executive Compensation**

There are three main elements of direct compensation, namely base salary, contracted bonuses and equity participation through the stock option plan, which was adopted by the Company on July 10, 2007 and subsequently amended on June 29, 2010 and February 18, 2011 (the "Stock Option Plan"). The Stock Option Plan was last approved by the Company's shareholders at the annual general and special meeting held May 13, 2013. The Stock Option Plan is further discussed under the heading, "*Compensation Discussion & Analysis - Stock Option Plan*".

The Compensation Committee relies on the experience of its members as officers and directors of other companies in similar lines of business as the Company in assessing compensation levels. These other companies are identified under the heading "*Disclosure of Corporate Governance Practices – Directorships*" of this Circular. The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar business characteristics;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish as a basis for developing salary adjustments and short-term and long-term incentive awards for the Compensation Committee's approval.

To date, no specific formulas have been developed to assign a specific weighting to each of these components. Instead, the Board considers the Company's performance and assigns compensation based on this assessment and the recommendations of the Compensation Committee.

### **Base Salary**

In determining the base salary of an executive officer, the Compensation Committee places equal weight on the following factors;

- current economic and market environment; and
- development stage and opportunities for the Company.

The Company has employment agreements with each of its Named Executive Officers. The agreements specify the terms and conditions of employment, the duties and responsibilities of the executive during this term, the compensation and benefits to be provided by the Company in exchange for the Named Executive Officer's services, the compensation and benefits to be provided by the Company in the event of a termination of employment not preceded by a change of control of the Company and the compensation and benefits to be provided by the Company in the event of a change of control of the Company.

The compensation paid to the NEOs other than Mr. Rivera and Mr. Cortes is denominated in Canadian dollars. For the purposes of calculating the Canadian dollar equivalent of the Chilean Peso, the following rates were used to convert the Chilean Peso amount to a Canadian dollar amount:

Month	Chilean Peso	Month	Chilean Peso	Month	Chilean Peso
Jan	491	May	510	Sep	539
Feb	501	Jun	511	Oct	525
Mar	507	Jul	520	Nov	523
Apr	504	Aug	530	Dec	530

The significant terms of each of the Named Executive Officer's employment agreements are as follows:

#### *Employment Agreement – Mr. Stephens*

Effective January 1, 2010, the Company entered into an amended and restated consulting agreement with Mr. Stephens, pursuant to which he provides his services as the President and Chief Executive Officer of the Company until such time as the amended and restated consulting agreement is terminated by the Company or he resigns. For the period, January 1, 2009 to December 31, 2009, it was agreed that the compensation would be reduced from the agreed fee of \$16,667 per month to \$7,917 as a result of the economic climate at that time. This period was further extended by mutual consent to June 30, 2010 at which time his compensation resumed at \$16,667 per month less any compensation received from Valley High Ventures Ltd. ("Valley High"). Mr. Stephens' compensation from Valley High terminated on March 25, 2011.

In March 2012, Mr. Stephens declined a salary increase and was granted an additional 70,000 options in lieu of this salary increase. The Company has also established a bonus scheme for Mr. Stephens whereby certain options vest upon the approval of the Company's San Jorge project in Argentina and certain options vest upon the completion of NI 43-101 compliant resource that meets the Company's requirement on the Company's option agreements for the Berta and Payen properties in Chile.

Effective June 1, 2013, Mr. Stephens temporarily reduced his salary to \$8,333 per month in order to conserve the Company's treasury.

*Employment Agreement – Mr. Towns*

Effective January 1, 2010, the Company entered into an amended and restated consulting agreement with Otago Financial Consultants, pursuant to which they agreed to provide the services of Mr. Towns to act in the capacity of Chief Financial Officer of the Company. For the period, December 1, 2008 to December 31, 2009, it was agreed that the compensation would be reduced from the agreed fee of \$14,583 per month to \$6,250 as a result of the economic climate at that time. This period was further extended by mutual consent to June 30, 2010 at which time his compensation resumed at \$14,583 per month less any compensation received from Valley High to which Otago Financial Consultants also provides consulting services, Mr. Towns' compensation from Valley High terminated on March 25, 2011. During 2011, Mr. Towns agreed to temporarily reduce his consulting fees to \$12,500 per month, to allow him to provide consulting services to Bearing Resources Ltd. ("Bearing Resources").

Effective, January 1, 2012 the Company agreed to enter into an employment agreement with Mr. Towns to replace the existing consulting agreement. Mr. Towns agreed to temporarily continue at a rate of \$12,500 per month to allow him to work for Bearing Resources until such time as his employment agreement is terminated by the Company or he resigns.

*Employment Agreement – Mr. Cortes*

In September 2006, the Company entered an employment agreement with Mr. Cortes pursuant to which he is employed for a gross salary denominated in Chilean Pesos until such time as his employment agreement is terminated by the Company or he resigns. As is common in Chile, Mr. Cortes' contract is indexed for cost of living adjustments and this, coupled with various amendments due to his increasing responsibilities with the Company, resulted in his salary being equivalent to US\$190,000 a year at such time. The Company also agreed to a one-time bonus of US\$80,000, which has been paid, upon approval of San Jorge Environmental Study and a bonus of US\$190,000 payable in two equal installments - the first payment to be made after completion of pre-feasibility study and the second payment to be made upon completion of a positive definitive feasibility study. Effective May 1, 2011, Mr. Cortes' salary was increased to the equivalent of US\$250,000.

Effective January 1, 2014, Mr. Cortes' employment agreement was terminated and he entered into a consulting contract for CLP 10,414,190 (~US\$19,750) a month with quarterly consumer price index adjustments.

*Employment Agreement – Mr. Rivera*

On November 1, 2011, the Company entered into an employment agreement with Mr. Rivera whereby he is employed for a gross salary denominated in Chilean Pesos until such time as his employment agreement is terminated by the Company or he resigns. As is common in Chile, Mr. Rivera's contract is indexed for cost of living adjustments, his salary as of December 31, 2014 is equivalent to US\$290,000. The Company also agreed to the following bonus plan for Mr. Rivera:

- (a) a bonus of US\$285,000 for each project acquired by the Company or its subsidiaries after January 1, 2012 that reaches the stage of an NI 43-101 resource meeting the Company's criteria. Three months' of this bonus may be advanced once the Company considers that a significant discovery has been made;

- (b) an additional bonus of US\$285,000 for each project acquired by the Company or its subsidiaries after January 1, 2012 that reaches the feasibility stage or that is sold to a third party for more than \$10 million;
- (c) a bonus of US\$142,000 for each project acquired by the Company or its subsidiaries before January 1, 2012 that reaches the stage of an NI 43-101 resource meeting the Company's criteria; and
- (d) an additional bonus of US\$142,000 for each project acquired by the Company or its subsidiaries before January 1, 2012 that reaches the feasibility stage or that is sold to a third party for more than \$10 million.

#### *Employment Agreement – Mr. Philpot*

Effective January 1, 2010, the Company entered into an amended and restated consulting agreement with 520726 B.C. Ltd, pursuant to which the services of Mr. Philpot were provided to act in the capacity the Executive Vice President and Corporate Secretary of the Company. For the period, January 1, 2009 to December 31, 2009, it was agreed that Mr. Philpot's compensation would be reduced from the agreed fee of \$12,500 per month to \$6,000 as a result of the economic climate at that time. This period was further extended by mutual consent to June 30, 2010 at which time his compensation resumed at \$12,500 per month less any compensation received from Valley High to which 520726 B.C. Ltd also provided consulting services. Mr. Philpot's compensation from Valley High terminated on March 25, 2011.

Effective March 1, 2012, the Company entered into an employment contract with Mr. Philpot to replace the existing consulting agreement with 520726 BC Ltd, pursuant to which the Company agreed to pay Mr. Philpot \$12,500 per month until such time as his employment agreement is terminated by the Company or he resigns.

#### **Stock Option Plan**

In the Company's view, encouraging its executive officers and employees to become shareholders of the Company is the best way to align their interests with those of the Company's shareholders. Equity participation is accomplished through the Stock Option Plan.

The Compensation Committee is mandated to review and make recommendations to the Board regarding the remuneration of executive officers; the granting of stock options to directors, executive officers and key employees and consultants of the Company; and the remuneration and compensation policies of the Company, including the Stock Option Plan. The members of the Compensation Committee are identified under the heading, "*Election of Directors*".

The purpose of the Stock Option Plan is to advance the interests of the Company and its shareholders by encouraging these individuals to acquire shares, thereby increasing their proprietary interest in the Company and encouraging them to remain associated with the Company. Grants under the Stock Option Plan are intended to provide long-term awards linked directly to the market value performance of the Company's shares.

Individual grants are determined by an assessment of the individual's current and expected future performance, level of responsibilities, the importance of his or her position, his or her contribution to the Company and previous option grants and exercise prices including:

- (a) the remuneration paid to the employee or consultant as at the award date in relation to the total remuneration payable by the Company to all of its employees and consultants as at the award date;
- (b) the length of time that the employee or consultant has been employed or engaged by the Company; and
- (c) the quality of work performed by the employee or consultant.

The following is a brief description of the material terms of the Stock Option Plan.

### *Eligible Participants*

The Stock Option Plan provides that options may be granted to directors, officers, employees or consultants of the Company or its affiliates. The Stock Option Plan does not limit insider participation and does not provide for a maximum number of shares which may be issued to an individual pursuant to the Stock Option Plan and any other share compensation arrangement.

### *Shares Available for Issuance*

The Stock Option Plan provides for the issuance of stock options to acquire at any time up to a maximum of 10% of the Company's issued and outstanding common shares. The Stock Option Plan is considered a "rolling" stock option plan as the number of common shares available for issue increases with the number of the Company's issued and outstanding common shares. The Stock Option Plan is also considered an "evergreen" stock option plan as when a stock option expires or otherwise terminates for any reason without having been exercised in full, the number of common shares reserved for issuance under that expired or terminated option again become available for the purposes of the Stock Option Plan. As of the date of this Circular, there are 8,090,000 options outstanding, representing 5.1% of the total issued and outstanding common shares of the Company. Assuming approval of the unallocated entitlements under the Stock Option Plan, this will leave 7,847,218 options available for issuance, or 4.9% of the Company's issued and outstanding common shares.

### *Expiration or Termination*

A stock option held by an employee or consultant will expire immediately in the event an employee or consultant ceases to be an employee or consultant, as applicable, as a result of termination for cause or as the result of an order of the British Columbia Securities Commission or Toronto Stock Exchange. In the event the employee or consultant ceases to be an employee or consultant as a result of termination without cause or resigns, a stock option will expire 60 days following the date the person ceases to be an employee or consultant. In addition, a stock option will expire 90 days after a director ceases to be a director unless the director continues to be an employee of the Company in which case the expiry date will remain unchanged. If a director ceases to be a director of the Company as the result of: (a) ceasing to meet the qualifications contained in the *Business Corporations Act* (British Columbia); (b) a special resolution having been passed by the shareholders of the Company; or (c) an order of the British Columbia Securities Commission or the Toronto Stock Exchange, the expiry date shall be the date the director ceases to be a director of the Company. In the event of the death of an option holder, the options shall expire on the first anniversary of the option holder's death.

### *Vesting*

All stock options granted pursuant to the Stock Option Plan are subject to vesting requirements as may be prescribed by the Toronto Stock Exchange or as may be imposed by the Board.

### *Exercise Price*

The Board has sole discretion to set the exercise price of a stock option; however the exercise price may not be less than the closing price of the Company's common shares on the day immediately preceding the date of the stock option grant.

### *Assignability*

The options may not be assigned or transferred provided that a personal representative may exercise an option on behalf of an option holder.

### *Term*

The term of any option shall be the date so fixed by the Board at the time the particular option is awarded, provided that such date shall not be later than the fifth anniversary of the award date of such option.

### *Trading Black Outs*

Under the Company's insider trading policies, directors, officers and specified employees are restricted from trading in securities of the Company during periodic trading blackouts imposed by the Company. The Stock Option Plan addresses the situation where an option holder is unable to exercise an option that would otherwise expire during a trading blackout imposed by the Company by providing that the option will continue to be exercisable until the tenth business day following the expiry of the trading blackout.

#### *Amendment Procedures*

The Company may amend the Stock Option Plan and the terms of any stock option without shareholder approval, unless shareholder approval is otherwise required by applicable regulatory authorities. Any substantive amendments to the Stock Option Plan shall be subject to the Company first obtaining the approvals, if required, of the shareholders or disinterested shareholders, as the case may be, of the Company at general meeting where required by the rules and policies of the Toronto Stock Exchange.

#### *Bonuses*

The Stock Option Plan includes a provision which would allow the Board to grant stock options to any director or employee, together with a right to be paid, in cash, an amount equal to the exercise price of such stock options. The number of stock options which may be granted under this provision is limited to 1,000,000 within a 12 month period.

#### *Stock Appreciation Rights*

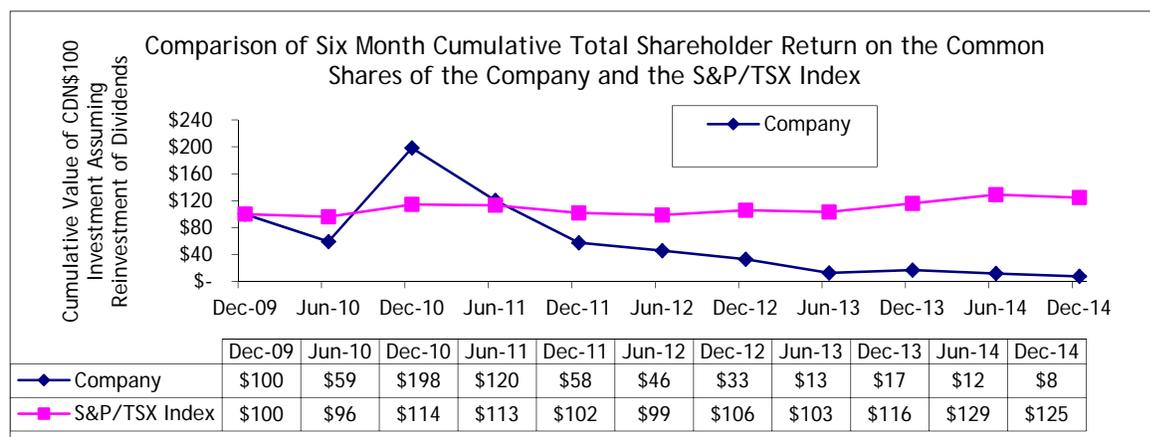
The Stock Option Plan grants the Board the discretion to grant an option holder a corresponding stock appreciation right. This right allows an option holder to surrender a stock option in exchange for that number of common shares having an aggregate value equal to the excess value of one common share over the purchase price per common share specified in such option, multiplied by the number of common shares called for by the option (the value of the common shares shall be based on the weighted average trading price for the five trading days immediately preceding the exercise).

#### *Impact of a Change of Control*

If a Change of Control (as defined in the Stock Option Plan) occurs, all shares subject to each outstanding option will become vested, whereupon all options may be exercised in whole or in part by the option holders.

### **Performance Graph**

The common shares of the Company were listed on the Toronto Stock Exchange on July 10, 2007. The following graph compares the total cumulative shareholder return for \$100 invested in common shares of the Company from December 31, 2009 and for six months increments thereafter in the Company's last completed financial year with the cumulative total return of the Standard and Poor's TSX Composite Stock Index ("S&P/TSX Index") over the same periods.



The trend on the above graph reflects the trend in the Company's compensation to executive officers reported in this Circular. Since 2008 the executive officers have not received discretionary cash bonuses and are instead granted incentive stock options in order to align their interests with the Company's long-term goals.

### Summary Compensation Table

The following table is a summary of compensation paid to the Named Executive Officers for the three most recently completed calendar years.

### Summary Compensation Table

Name and Principal Position	Year	Salary <sup>(1)</sup> (\$Cdn)	Share-based awards (\$) <sup>(2)</sup>	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All Other Compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long Term Incentive Plan			
Alan J. Stephens President and Chief Executive Officer	2014	\$99,998	Nil	\$45,635	Nil	Nil	Nil	Nil	\$145,633
	2013	\$141,696	Nil	Nil	Nil	Nil	Nil	Nil	\$141,696
	2012	\$200,001	Nil	\$429,289	Nil	Nil	Nil	Nil	\$629,290
Damian Towns Chief Financial Officer	2014	\$150,831	Nil	\$39,116	Nil	Nil	Nil	Nil	\$189,947
	2013	\$150,802	Nil	Nil	Nil	Nil	Nil	Nil	\$150,802
	2012	\$150,768	Nil	\$179,641	Nil	Nil	Nil	Nil	\$330,409
Marcelo Cortes Vice President of Project Development	2014	\$246,679	Nil	\$26,077	Nil	Nil	Nil	Nil	\$272,756
	2013	\$257,261	Nil	Nil	Nil	Nil	Nil	Nil	\$257,261
	2012	\$248,816	Nil	\$69,093	Nil	Nil	Nil	Nil	\$317,908
Sergio Rivera Vice President of Exploration <sup>(3)</sup>	2014	\$296,533	Nil	\$26,077	Nil	Nil	Nil	Nil	\$322,610
	2013	\$309,138	Nil	Nil	Nil	Nil	Nil	Nil	\$309,138
	2012	\$299,014	Nil	Nil	Nil	Nil	Nil	Nil	\$299,014
Michael Philpot Executive Vice President & Corporate Secretary	2014	\$150,831	Nil	\$39,116	Nil	Nil	Nil	Nil	\$189,947
	2013	\$150,798	Nil	Nil	Nil	Nil	Nil	Nil	\$150,798
	2012	\$151,472	Nil	\$179,641	Nil	Nil	Nil	Nil	\$331,113

**Notes:**

(1) Includes consulting fees paid to the Named Executive Officers.

(2) Dollar amount based on the grant date fair value of the award for the financial year covered in the table.

In determining the fair value of the options granted, the Company followed as the principles established under International Financial Reporting Standards which requires the determination of a fair value of the options granted and use of a risk-free statement rate. The key assumptions are noted below:

Risk free life                   **0.47% to 2.39%**  
Expected life                   **2.5 to 3.5 years**  
Expected volatility           **90% to 115%**  
Expected dividend           **0%**

### Option-Based Awards-Fair Value Calculation

The use of option pricing models requires the input of highly objective assumptions including the expected volatility. Changes in the assumptions can materially affect the fair value estimate, and therefore, the models do not necessarily provide a reliable measure at the fair value of the Company's stock options.

## INCENTIVE PLAN AWARDS

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

The following table sets forth the outstanding option-based awards held by the Company's Named Executive Officers as of December 31, 2014 and includes awards granted before the most recently completed financial year:

#### Outstanding Share-Based Awards and Options-Based

Name	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Options exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Alan J. Stephens President and Chief Executive Officer	700,000	\$0.10	3-Jan-19	N/A	N/A	N/A
	1,290,000	\$0.41	23-Mar-17	N/A	N/A	N/A
	170,000	\$0.52	29-Jan-15	N/A	N/A	N/A
Damian Towns Chief Financial Officer	600,000	\$0.10	3-Jan-19	N/A	N/A	N/A
	650,000	\$0.41	23-Mar-17	N/A	N/A	N/A
	160,000	\$0.52	29-Jan-15	N/A	N/A	N/A
Marcelo Cortes VP Project Development	400,000	\$0.10	3-Jan-19	N/A	N/A	N/A
	250,000	\$0.41	24-Mar-17	N/A	N/A	N/A
Sergio Rivera Vice President of Exploration <sup>(5)</sup>	400,000	\$0.10	3-Jan-19	NA	NA	NA
	550,000	\$0.39	2-Nov-16	NA	NA	NA
Michael D. Philpot Executive Vice President and Corporate Secretary	600,000	\$0.10	3-Jan-19	N/A	N/A	N/A
	650,000	\$0.41	23-Mar-17	N/A	N/A	N/A
	125,000	\$0.52	29-Jan-15	N/A	N/A	N/A

*Note:* (1) The closing price for the Company's common shares at December 31, 2014 was \$0.045. No value has been given to unexercised options that were out-of-the-money on December 31, 2014.

### Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each Named Executive Officer.

**Value Vested or Earned for Incentive Plan Awards  
During the Most Recently Completed Financial Year**

Name	Option-base awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
<b>Alan J. Stephens</b> President and Chief Executive Officer	\$-	N/A	N/A
<b>Damian Towns</b> Chief Financial Officer	\$-	N/A	N/A
<b>Marcelo Cortes</b> Vice President of Project Development	\$-	N/A	N/A
<b>Sergio Rivera</b> Vice President of Exploration	\$-	N/A	N/A
<b>Michael Philpot</b> Executive Vice President and Corporate Secretary	\$-	N/A	N/A

*Note:*

- (1) The amounts above disclose the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date by determining the difference between the market price of the shares and the exercise price of the options.

**PENSION PLAN 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**

As at December 31, 2014, the Company had contractual arrangements with each of its Named Executive Officers, each of which has a termination and a change of control benefits clause. The terms of each of the Named Executive Officer’s employment agreements are contained in this Circular under the heading “*Compensation Discussion and Analysis - Base Salary*”.

**Mr. Stephens, President and Chief Executive Officer:** In accordance with his employment agreement with the Company, the Company may terminate Mr. Stephen’s services at any time for cause and all compensation and benefits shall cease accruing on the termination date. The Company may terminate his employment at any time without cause following six months’ written notice, or payment of six months’ salary in lieu of such notice. In the event the employment agreement is terminated by the Company without cause within six months of a Control Change (as defined in the employment agreement) or by Mr. Stephens for Good Reason (as defined in the employment agreement) within six months of a Control Change, Mr. Stephens shall be entitled to 2.5 times his annual compensation and all rights shall become immediately exercisable for a period of 60 business days. If Mr. Stephens terminates the agreement for Good Reason at any other time, Mr. Stephens shall be entitled to six months’ compensation.

**Mr. Towns, Chief Financial Officer:** In accordance his employment agreement, the Company may terminate the employment of Mr. Towns for cause without notice and all compensation and benefits shall cease accruing on the termination date. The Company may terminate his employment at any time without cause following six months’ written notice, or payment of six months’ salary in lieu of such notice. In the event his employment is terminated by the Company without cause within six months of a Control Change (as defined in the employment agreement) or by Mr. Towns for Good Reason (as defined in the employment agreement) within six months of a Control Change, Mr. Towns shall be entitled to 2.5 times his annual compensation and all rights shall become immediately exercisable for a period of 60 business days. If Mr.

Towns terminates his employment for Good Reason at any other time, he shall be entitled to six months' compensation.

**Mr. Cortes, Vice President of Project Development:** In accordance with his employment agreement, the Company may terminate employment of Mr. Cortes with cause following five days' written notice and all compensation and benefits shall cease accruing on the termination date. The Company may terminate the employment of Mr. Cortes without cause following six months' written notice or the payment of US\$95,000 (less any other payments due or payable to Mr. Cortes under other contractual arrangements or legal requirements in or outside of Canada). In the event his employment is terminated by the Company without cause within six months of a Control Change (as defined in the employment agreement) or by Mr. Cortes for Good Reason (as defined in the employment agreement) within six months of a Control Change, Mr. Cortes shall be entitled to a US\$477,000 payment.

**Mr. Rivera, Vice President of Exploration:** In accordance with his employment agreement, the Company may terminate the employment of Mr. Rivera with cause following five days' written notice and all compensation and benefits shall cease accruing on the termination date. The Company may terminate the employment of Mr. Rivera without cause following six months' written notice or the payment of US\$142,500 (less any other payments due or payable to Mr. Rivera under other contractual arrangements or legal requirements in or outside of Canada). In the event his employment is terminated by the Company without cause within six months of a Control Change (as defined in the employment agreement) or by Mr. Rivera for Good Reason (as defined in the employment agreement) within six months of a Control Change, Mr. Rivera shall be entitled to a US\$712,500 payment.

**Mr. Philpot, Executive Vice President, Corporate Secretary:** In accordance with his employment agreement, the Company may terminate the services of Mr. Philpot for cause without notice and all compensation and benefits shall cease accruing on the termination date. The Company may terminate his employment at any time without cause following six months' written notice or payment of six months' of salary in lieu of such notice. In the event his employment is terminated by the Company without cause within six months of a Control Change (as defined in the employment agreement) or by Mr. Philpot for Good Reason (as defined in the employment agreement) within six months of a Control Change, Mr. Philpot shall be entitled to 2.5 times his annual compensation and all rights shall become immediately exercisable for a period of 60 business days. If Mr. Philpot terminates his services for Good Reason at any other time, he shall be entitled to six months, compensation.

The following table sets out the maximum amount the Company could be obligated to pay in the event that a Named Executive Officer was terminated without cause following a Control Change as of December 31, 2014.

Name	Termination Payment
<b>Alan J. Stephens</b> President and Chief Executive Officer	\$500,000
<b>Damian Towns</b> Chief Financial Officer	\$437,500
<b>Marcelo Cortes</b> Vice President of Project Development	US\$477,000
<b>Sergio Rivera</b> Vice President of Exploration	US\$712,500
<b>Michael Philpot</b> Executive Vice President and Corporate Secretary	\$375,000

The Company would also be obligated to continue the Named Executive Officer's option entitlements for the period set out in the Stock Option Plan pay in the event that a Named Executive Officer was terminated without cause following a Control Change.

The following table sets out the maximum amount the Company could be obligated to pay in the event that a Named Executive Officer was terminated without cause as of December 31, 2014 assuming such event was not in connection with a Control Change.

Name	Termination Payment
<b>Alan J. Stephens</b> President and Chief Executive Officer	\$100,000
<b>Damian Towns</b> Chief Financial Officer	\$87,500
<b>Marcelo Cortes</b> Vice President of Project Development	US\$95,000
<b>Sergio Rivera</b> Vice President of Exploration	US\$142,500
<b>Michael Philpot</b> Executive Vice President and Corporate Secretary	\$75,000

The Company would also be obligated to continue the Named Executive Officer's option entitlements for the period set out in the Stock Option Plan in the event that a Named Executive Officer was terminated without cause assuming such event was not in connection with a Control Change.

### DIRECTOR COMPENSATION

Except as noted below, no other 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.

The following table sets forth the details of compensation provided to the directors, other than the Named Executive Officers, during the Company's most recently completed financial year. The value disclosed under option-based awards for directors represents the deemed dollar value of the options granted.

**Director Compensation Table**

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
<b>Robert A. Watts</b> Director and Chairman	Nil	Nil	16,298	Nil	Nil	Nil	16,298
<b>Roderick J. Webster</b> Director	Nil	Nil	16,298	Nil	Nil	Nil	16,298
<b>Alvin W. Jackson</b> Director	Nil	Nil	16,298	Nil	Nil	Nil	16,298
<b>Gordon J. Fretwell</b> Director	Nil	Nil	16,298	Nil	Nil	Nil	16,298

Membership on each committee of the Board is disclosed herein under the heading, "Election of Directors".

All directors are reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors.

Pursuant to the Stock Option Plan, options to purchase common shares of the Company have been granted to the directors at exercise prices at least equal or greater than the share price of common shares at the date of granting such options prior to the year-ended December 31, 2014.

### INCENTIVE PLAN AWARDS

The following table sets forth the outstanding options-based awards held by the directors of the Company as of December 31, 2014 and includes awards granted before the most recently completed financial year:

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

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 (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Robert A. Watts Director and Chairman	250,000	\$0.10	3-Jan-19	N/A	N/A	N/A
	150,000	\$0.41	23-Mar-17	N/A	N/A	N/A
Roderick J. Webster Director	250,000	\$0.10	3-Jan-19	N/A	N/A	N/A
	150,000	\$0.41	23-Mar-17	N/A	N/A	N/A
Alvin W. Jackson Director	250,000	\$0.10	3-Jan-19	N/A	N/A	N/A
	150,000	\$0.41	23-Mar-17	N/A	N/A	N/A
Gordon J. Fretwell Director	250,000	\$0.10	3-Jan-19	N/A	N/A	N/A
	150,000	\$0.41	23-Mar-17	N/A	N/A	N/A

*Note:* (1) The closing price for the Company's shares at December 31, 2014 was \$0.045.

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

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed fiscal year by each director:

#### Value Vested or Earned for Incentive Plan Awards during the Most Recently Completed Financial Year

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 (\$)
Robert A. Watts Director and Chairman	\$-	N/A	N/A
Alvin W. Jackson Director	\$-	N/A	N/A
Roderick J. Webster Director	\$-	N/A	N/A
Gordon J. Fretwell Director	\$-	N/A	N/A

*Note:* (1) The amounts above disclose the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date by determining the difference between the market price of the shares and the exercise price of the options.

## EQUITY COMPENSATION PLAN

The following table sets out those securities of the Company which have been authorized for issuance under equity company compensation plans as at December 31, 2014:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by the securityholders	8,545,000	\$0.28	7,392,218
Equity compensation plans not approved by the securityholders	Nil	Nil	Nil
<b>Total</b>	<b>8,545,000</b>	<b>\$0.28</b>	<b>7,392,218</b>

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers or employees of the Company or any of its subsidiaries, the proposed nominees for election to the Board, nor any associate of such persons is as at the date hereof, or has been indebted to the Company, since the beginning of the most recently completed financial year of the Company. In addition, no indebtedness of these individuals to another entity has been subject of a guarantee, support agreement, letter or credit or similar arrangement or understanding of the Company or any of its subsidiaries.

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

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

## INTEREST OF INFORMED PERSONS IN MATTERS TO BE ACTED UPON

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 directly or indirectly (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 AUDITORS

### Auditors

The management of the Company intends to nominate PricewaterhouseCoopers LLP, Chartered Accountants, for re-appointment as auditors of the Company. Proxies given pursuant to the solicitation by Management will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors 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. PricewaterhouseCoopers LLP, Chartered Accountants, were first appointed as auditors of the Company on June 12, 2006.

### **AUDIT COMMITTEE DISCLOSURE**

Detailed information required by National Instrument 52-110 - *Audit Committees* is presented in the Company's Annual Information Form dated March 20, 2015 under the heading "*Information on Audit Committee*". The Annual Information Form is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### **CORPORATE GOVERNANCE DISCLOSURE**

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "Guidelines") adopted in National Policy 58-201 - *Corporate Governance Guidelines*. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance policies. The Company's approach to corporate governance is set out below. The Board is constantly engaged in an ongoing review of the Company's corporate governance practices. The Board considers good corporate governance to be central to the effective and efficient operations of the Company.

#### **Board of Directors**

Management is nominating six individuals to the Board, all of whom are current directors of the Company. The Board is currently comprised of six directors; Alan J. Stephens, Michael Philpot, Robert Watts, Alvin Jackson, Roderick J. Webster and Gordon J. Fretwell. The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as "independent". A director is independent if he or she has no direct or indirect "material relationship" with the Company. Of the proposed nominees of the Company, Robert Watts, Alvin Jackson and Roderick J. Webster are considered by the board to be "independent" and Alan J. Stephens and Michael Philpot are management directors and are considered to be "non-independent". Gordon J. Fretwell represents the Company's major shareholder (Benton Capital Corp.) and therefore is not considered to be independent.

The Chairman of the Board is Robert Watts, who is an "independent" director. The Chairman is responsible for managing the affairs of the Board and works with the Chief Executive Officer and other management to ensure effective relations with the Board, the shareholders and the public.

#### **Directorships**

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

<b>Director</b>	<b>Other Reporting Issuer(s)</b>
Alan J. Stephens	Weatherly International PLC California Gold Mining Inc.
Michael D. Philpot	Standard Graphite Corp.
Robert A. Watts	First Point Minerals Corp.
Alvin Jackson	Freegold Ventures Ltd. Canasil Resources Inc.
Roderick J. Webster	Weatherly International PLC

Director	Other Reporting Issuer(s)
Gordon J. Fretwell	Asanko Gold Corp. (Formerly Keegan Resources Inc.) Northern Dynasty Minerals Ltd. Quartz Mountain Resources Ltd. Auryn Resources Inc.

### Meetings of the Board

The Board meets on an as needed basis to review, among other things, the performance of the Company. Other meetings of the Board will be called as circumstances arise. In addition, Board memos are prepared as required to ensure the Board is kept informed of all relevant matters.

The independent directors of the Company meet regularly through the Audit Committee meetings which are scheduled quarterly. Non-independent directors and Management are not in attendance at such meetings.

All directors attended 100% of the full Board meetings that were held during the year ended December 31, 2014, with the exception of Mr. Webster and Mr. Philpot, each of whom missed one meeting.

### Board Mandate

The Board is in the process of updating the Board mandate, which generally speaking, is to manage and supervise the management of the business and affairs of the Company and to act with a view to the best interest of the Company. The Board oversees the management of the Company's affairs directly and through committees. The Board's responsibilities include, among other matters, reviewing and approving the Company's overall business strategies and annual business plan, review and approving the annual corporate budget and forecast, reviewing and approving significant capital investments outside the approved budget, reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives, and assessing management's performance against approved business plans and industry standards.

### Position Descriptions

The Board, together with the Corporate Secretary and Chief Financial Officer, is continually updating the Board policy manual, which will provide position descriptions for the directors and senior officers of the Company, including in respect of limitations to Management's responsibilities. Currently, the Board has delegated the day-to-day management of the business and affairs of the Company to the executive officers of the Company, and has adopted a table of delegated authorities. Decisions relating to matters that are not in the ordinary course and that involve material expenditures or commitments on the part of the Company require prior approval of the Board. Any responsibility which is not delegated to Management or a committee of the Board remains with the Board.

### Orientation and Continuing Education

The Corporate Governance and Nominating Committee is responsible for ensuring that Management develops an orientation and education program for new members of the Board and an education program for all members of the Board. New directors are provided with an orientation and education program which includes written information about the business and operations of the Company, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors. The Company will also give tours of its properties to give directors additional insight into the Company's business. In addition, management of the Company takes steps to ensure that its directors and officers are updated regarding corporate and securities policies which may affect the directors, officers, committee members and the Company as a whole. The Company continually reviews developments in securities rules and policies, and changes or new requirements are brought to the attention of the directors by way of director meetings or in written reports.

### **Ethical Business Conduct**

The Board has adopted an Ethics and Business Conduct policy (the “Policy”). Included in this Policy is a whistle blowing policy pursuant to which employees can communicate complaints of alleged violations of law, regulation or internal Company policy. The full text of the Policy is available free of charge to any person on request to the Company at Suite 1280 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6; telephone: 604-682-5546.

In addition, certain of the directors of the Company serve as directors and officers of other companies engaged in similar business activities and therefore it is possible that a conflict may arise between their duties as a director or officer of such other companies and their duties as a director of the Company. The directors of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors’ conflicts of interest or in respect of any breaches of duty by any of its directors. All such conflicts must be disclosed by such directors or officers in accordance with the *Business Corporations Act* (British Columbia).

### **Corporate Governance and Nominating Committee**

For the year ended December 31, 2014, the Corporate Governance and Nominating Committee was comprised of Mr. Webster, Mr. Watts and Mr. Jackson, all of whom are independent directors, and Mr. Jackson was the Chairman of this committee. This committee is responsible for identifying new candidates for nomination to the Board.

The Corporate Governance and Nominating Committee develops and monitors the Company’s overall approach to corporate governance issues and, subject to approval by the Board, implements and administers a system of corporate governance which reflects superior standards of corporate governance practices. In fulfilling this role, the Corporate Governance and Nominating Committee periodically reviews and assesses the adequacy of the Company’s corporate governance principles and develops and recommends to the Board for adoption additional or revised principles as appropriate.

The Corporate Governance and Nominating Committee analyzes and reports to the Board the relationship of each director to the Company and significant shareholders as to whether or not such director is considered “independent” within the meaning of applicable corporate and securities law and policies. The Corporate Governance and Nominating Committee also determines the appropriate committee structure of the Board and advises the Board or any of the committees of the Board of any corporate governance issues which the Corporate Governance and Nominating Committee determines ought to be considered. The Corporate Governance and Nominating Committee reviews with the Board the role of the Board, the terms of reference of each of the committees of the Board and the methods and processes by which the Board fulfills its duties and responsibilities. Finally, the Committee proposes to the Board annually nominees for election or appointment to the Board to fill Board vacancies and the assignment of members to the committees of the Board and the chair for each committee.

### **Compensation Committee**

The Compensation Committee members are, all of whom are independent, Mr. Fretwell, Mr. Watts and Mr. Jackson, and Mr. Fretwell was the Chairman of this committee. Information on the Compensation Committee is contained in this Circular under the heading “*Executive Compensation*”.

### **Assessment**

Currently, the Board works with the Corporate Governance and Nominating Committee to review the effectiveness of its committees and individual directors. The Board intends to implement formal assessment procedures to be carried out on an annual basis, but does not currently have such procedures in place, but will consider implementing one in the future should circumstances warrant.

## PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

### Approval of the Alteration to Articles

Management of the Company is proposing to amend the Company's Articles to enable the Company, by way of resolution of its board of directors, to alter its authorized share structure as allowed by the *Business Corporations Act* (British Columbia). Currently, alterations to the Company's authorized share structure, including a consolidation of the Company's outstanding common shares, must be approved by a special resolution of the shareholders.

Section 9.1 of the Company's Articles currently states:

"9.1 Alterations to Authorized Share Structure. Subject to Article 9.2 and the *Business Corporations Act*, the Company may by *special resolution*:

- (1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (4) if the Company is authorized to issue shares of a class of shares with par value:
  - (a) decrease the par value of those shares; or
  - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (6) alter the identifying name of any of its shares; or
- (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

Management proposes to delete the existing Section 9.1 of the Company's Articles and replace it with the following:

"9.1 Alterations to Authorized Share Structure. Subject to Article 9.2 and the *Business Corporations Act*, the Company may by special resolution *or by resolution of the board of directors*:

- (1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (4) if the Company is authorized to issue shares of a class of shares with par value:
  - (a) decrease the par value of those shares; or
  - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (6) alter the identifying name of any of its shares; or
- (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

Accordingly, at the Meeting, the shareholders will be asked to consider, and if thought appropriate, to pass, with or without amendment, a special resolution as follows:

**“IT IS RESOLVED, as a special resolution that:**

- (a) the Articles of the Company be altered by deleting the current Section 9.1 and inserting in its place new Section 9.1, as more particularly described in this Circular;
- (b) the Company be authorized to revoke this special resolution and abandon or terminate the alteration of the Articles if the Board deems it appropriate and in the best interests of the Company to do so without further confirmation, ratification or approval of the shareholders; and
- (c) any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver all such documents, instruments and assurances as in the opinion of such director or officer may be necessary or desirable to give effect to the foregoing resolutions.”

Under the Articles of the Company and the *Business Corporations Act* (British Columbia), the special resolution to approve the alteration of the Company’s Articles must be approved by at least two-thirds of the votes cast by the shareholders present in person or by proxy at the Meeting.

The Board has determined that the proposed alterations to the Articles are in the best interests of the Company and its shareholders and accordingly, the Board recommends that shareholders ratify and confirm an alteration of the Company’s Articles by voting FOR the special resolution to approve the alteration of the Articles.

**Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote in favour of the special resolution approving the alteration of the Articles to permit the directors to alter the authorized share structure of the Company.**

### **Approval of Financing Transactions**

At the Meeting, shareholders of the Company will be asked to consider, and if deemed advisable, to pass, with or without modification, an ordinary resolution (the “**Transaction Resolution**”) authorizing and approving the issuance of common shares pursuant to the Financings Transactions (as defined below).

Pursuant to a Subscription Agreement and Investor Rights Agreement (together with the Convertible Debentures (as defined below) “**Definitive Documentation**”) the Company is proposing to issue to Greenstone Resources L.P. or an affiliated special purpose vehicle (“**Greenstone**”):

- (a) unsecured debentures in the aggregate principal amount of US\$6,500,000 (the “**Convertible Debentures**”) convertible into common shares of the Company (“**Common Shares**”) at a price of C\$0.04 per Common Share in certain circumstances (including in the event of non-repayment); and
- (b) 79,800,000 Common Shares at a price of C\$0.04 per Common Share for total gross proceeds of approximately C\$3,192,000 on a private placement basis (the “**Greenstone Private Placement**” and, together with the Convertible Debentures, the “**Greenstone Transactions**”).

Greenstone is a London-based private equity firm at arm’s length to the Company specializing in the mining and metals sectors.

Following is a summary of the material terms of the Definitive Documentation, Shareholders are also cautioned these terms are summary in nature and may not contain all of the terms that are contained in the Definitive Documentation.

### ***Convertible Debentures***

The Convertible Debentures are issuable in two tranches with tranche 1 (“**Tranche 1**”) consisting of US\$5,100,000 principal amount with a repayment amount of US\$6,375,000 (the “**Tranche 1 Repayment Amount**”) and tranche 2 (“**Tranche 2**”) consisting of US\$1,400,000 principal amount with a repayment amount of US\$1,750,000 (the “**Tranche 2 Repayment Amount**” and, together with the Tranche 1 Repayment Amount, the “**Repayment Amounts**”). The Repayment Amounts are due in full 350 days following the date on which the Company draws down the respective tranche (the “**Repayment Date**”).

In the event the Repayment Amounts are not repaid in full in cash on their respective Repayment Dates, any unpaid amount the due will be automatically converted into Common Shares at C\$0.04 per Common Share on conversion of the Convertible Debentures. The remaining Repayment Amounts (if any) following the Repayment Date will be converted into Canadian dollars using the USD-Canada exchange rate based on the Bank of Canada noon rate for the business day prior to the respective Repayment Dates and accordingly the exact number of Common Shares issuable will fluctuate depending on the applicable exchange rate. Greenstone may also elect to convert the Convertible Debentures into Common Shares in the event of a proposed acquisition of control of the Company.

The table below sets out the number of Common Shares issuable to Greenstone assuming the Company has repaid none of the Repayment Amount on its respective Repayment Date and assuming the exchange rate varies from Canadian C\$1.00 to C\$1.45 for every 1 United States dollar.

<b>Exchange Rate</b>	<b>Repayment Amounts</b>	<b>Common Shares Issuable</b>	<b>% of Current Outstanding Common Shares</b>	<b>% of Then Outstanding Common Shares</b>
\$1.00	US\$8,125,000	203,125,000	127%	56%
\$1.05	US\$8,125,000	213,281,250	134%	57%
\$1.10	US\$8,125,000	223,437,500	140%	58%
\$1.15	US\$8,125,000	233,593,750	147%	59%
\$1.20	US\$8,125,000	243,750,000	153%	60%
\$1.25	US\$8,125,000	253,906,250	160%	61%
\$1.30	US\$8,125,000	264,062,500	166%	62%
\$1.35	US\$8,125,000	274,218,750	172%	63%
\$1.40	US\$8,125,000	284,375,000	178%	64%

Draw down by the Company of funds is expected to take place in two separate tranches. Subject to the satisfaction of a number of conditions, the first tranche is expected to be drawn down on or by July 31, 2015 (and then subject to escrow release conditions) and the second tranche is expected to be drawn down on or by October 30, 2015.

### ***Private Placement***

The Company is proposing to issue 79,800,000 Common Shares at a price of C\$0.04 per Common Share to Greenstone upon closing of the Greenstone Private Placement for total proceeds of C\$3,192,000. Based on the Company’s current 159,372,180 Common Shares outstanding, Greenstone will hold

approximately 50% of the current outstanding Common Shares and 33.3% of the Company's outstanding Common Shares on closing of the Greenstone Private Placement, assuming no conversion of the Convertible Debentures.

The Company intends to use the proceeds from the Greenstone Private Placement for the continued development of the Company's projects and for working capital and general corporate purposes.

Completion of the Greenstone Private Placement is subject to the same conditions precedent as Tranche 2 of the Convertible Debenture financing. However, in the event the shareholders do not approve the Financing Transactions, Greenstone may waive satisfaction of the condition precedent and subscribe for Common Shares equal to 19.9% of the then outstanding Common Shares: (a) at a price of C\$0.04 per Common Share until July 31, 2015; and (b) at a price equal to the volume weighted average price of the Common Shares less the maximum discount permitted by the TSX until January 16, 2016.

The Company is also permitted to raise additional funds by way of private placement share subscriptions from existing and third party investors ("**Concurrent Private Placements**" and, together with the Greenstone Private Placement, the "**Private Placements**") provided (i) completion of the Concurrent Private Placements must occur prior to satisfaction of the conditions to issuance of Tranche 2 of the Convertible Debentures; (ii) the price per Common Share offered in the Concurrent Private Placements is greater than or equal to C\$0.04; and (iii) on closing of the Concurrent Private Placements, Greenstone will be permitted to increase the size of its subscription under the Greenstone Private Placement such that, following completion of the Concurrent Private Placements, Greenstone will hold up to 33.3% of the issued and outstanding Common Shares (on a non-diluted basis). The Company has not yet determined the size of the Concurrent Private Placements but, as required by the TSX, must seek shareholder approval for the maximum number of Common Shares that could be issuable. For this purpose, the Company has determined that the size of the Concurrent Placements would not exceed 12,500,000 Common Shares at a price of C\$0.04 for aggregate gross proceeds of \$500,000 to the Company. This represents approximately 8% of the current outstanding Common Shares. It is possible that all of the subscribers to the Concurrent Private Placement may be "insiders" of the Company. Assuming Greenstone exercised its right to increase the size of its subscription under the Greenstone Private Placement, Greenstone could acquire an additional 6,135,160 Common Shares, resulting in 98,435,160 total Common Shares being issued pursuant to the Private Placements (including 85,935,160 Common Shares issued to Greenstone). The maximum Common Shares issuable under the Private Placements represents 62% of the current outstanding Common Shares and 38% of the then outstanding Common Shares.

The Private Placements and the Convertible Debentures are referred to, collectively, in this Circular as the "**Financing Transactions**".

#### *Other Terms*

##### Board Representation

Under the terms of the Investor Rights Agreement, Greenstone will be permitted to nominate one director to the Board for so long as it owns not less than 10% of the issued and outstanding Common Shares and may nominate a total of two directors to the Board for so long as it owns not less than 30% of the issued and outstanding Common Shares.

For as long as Greenstone owns at least 30% or more of the issued and outstanding Common Shares, the Company will take steps to ensure the size of the Board is no more than six directors.

## Pre-Emptive Rights

Pursuant to the Investor Rights Agreement, from the date on which Greenstone holds at least 10% of the issued and outstanding Common Shares and for so long it continues to hold at least 10% of the issued and outstanding Common Shares, Greenstone will be entitled to subscribe for its pro rata share of any issuance of Common Shares or convertible securities, including without limitation warrants and convertible debt securities (“**Equity Securities**”) by the Company other than any issuance of Equity Securities by the Company (i) under any stock option or other equity compensation plan of the Company, (ii) in connection with any merger, business combination, tender offer, exchange offer, take-over bid, or arrangement, (iii) pursuant to a rights offering by the Company that is open to all shareholders of the Company including Greenstone, or (iv) to Greenstone or an affiliate of Greenstone.

## *Shareholder Approval Requirements*

Pursuant to Section 604(a)(i) of the TSX Company Manual, the TSX will generally require security holder approval as a condition of acceptance of a notice of a private placement if in the opinion of the TSX the transaction materially affects control of the listed issuer. Pursuant to the policies of the TSX, “materially affect control” means the ability of any security holder or combination of security holders acting together to influence the outcome of a vote of security holders, including the ability to block significant transactions. Such ability will be affected by the circumstances of a particular case, including the presence or absence of other large security holdings, the pattern of voting behaviour by other holders at previous security holder meetings and the distribution of the voting securities. A transaction that results, or could result, in a new holding of more than 20% of the voting securities by one security holder or combination of security holders acting together will be considered to materially affect control, unless the circumstances indicate otherwise. Transactions resulting in a new holding of less than 20% of the voting securities may also materially affect control, depending on the circumstances outlined above.

In addition, Section 607(g) of the TSX Company Manual requires shareholder approval for private placements for an aggregate number of listed securities greater than 25% of the number of securities of the listed issuer.

Upon closing of the Private Placement Greenstone will hold 79,800,000 Common Shares, representing approximately 50% of the current outstanding Common Shares and approximately 33.3% of the then issued and outstanding Common Shares. If the Company is successful in raising funds from the Concurrent Private Placements the number of Common Shares that Greenstone acquires under the Greenstone Private Placement could increase but their percentage interest in the Company would remain unchanged, assuming no conversion of the Convertible Debentures.

In the event that the Convertible Debentures are converted in accordance with their terms up to 294,531,250 further Common Shares of the Company could be issued to Greenstone (based on a maximum exchange rate of C\$1.45:US\$1). The conversion of the Debentures in conjunction with the Private Placements could result in Greenstone being issued up to 380,466,410 Common Shares representing approximately 239% of the current issued and outstanding Common Shares and 70% of the then issued and outstanding Common Shares.

As the Financing Transactions involve the issuance of greater than 25% of the number of outstanding common shares and, in the view of the Board, would materially affect control of the Company, the Company is requesting shareholder approval of the Financing Transactions. Accordingly, shareholders will be asked to consider and, if thought advisable, to pass the following resolution at the Meeting:

**“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. the issuance of up to 392,966,410 Common Shares pursuant to the Financing Transactions at a price of C\$0.04, representing 247% of the current issued and outstanding Common Shares and 71% of the then outstanding Common Shares, is hereby approved;
2. the shareholders of the Company acknowledge that issuance of Common Shares to Greenstone on closing of the Greenstone Private Placement and upon conversion of the Convertible Debentures could have a material effect on control of the Company; and
3. notwithstanding that this resolution has been duly passed by shareholders of the Company, the directors of the Company be and they are hereby authorized without further approval of the shareholders of the Company, to revoke this resolution and determine not to proceed with Financing Transactions.

Shareholders may vote FOR or AGAINST the above resolution. If the Transaction Resolution is not approved, the Company will not proceed with the Financing Transactions.

Management of the Company recommends that shareholders vote in favour of the foregoing resolution. Unless otherwise directed, the persons named in the enclosed form of Proxy intend to vote FOR the approval of the foregoing resolution at the Meeting.

**Approval of Unallocated Entitlements under the Stock Option Plan**

At the Meeting, shareholders of the Company will be asked to consider, and if deemed advisable, to pass, with or without modification, a resolution (the “Stock Option Plan Resolution”) authorizing and approving the unallocated entitlements under the Stock Option Plan.

*Information Concerning the Stock Option Plan*

The Stock Option Plan is a 10% “rolling” plan and, as in accordance with the policies of the TSX, the Company is required to seek shareholder approval of all unallocated entitlements under the Stock Option every three years. The Stock Option Plan was approved by the shareholders on June 29, 2010 and re-approved in accordance with TSX policies on May 15, 2013.

See “*Compensation Discussion & Analysis - Stock Option Plan*” for a brief description of the material terms of the Stock Option Plan.

*Approval of the Unallocated Entitlements under the Plan*

According to the policies of the TSX, unallocated entitlements under the Stock Option Plan must be approved by:

- (a) a majority of the issuer’s directors; and
- (b) the issuer’s shareholders;

when the Stock Option Plan is instituted and every three years thereafter.

As of the date of this Circular, all of the Company’s directors have approved the unallocated entitlements under the Stock Option Plan.

In accordance with the policies of the TSX, the unallocated entitlements under the Stock Option Plan must be approved by a majority of the votes cast by disinterested shareholders, with insiders or their associates and affiliates to whom shares may be issued pursuant to the Stock Option Plan excluded from voting. Based on the present shareholdings of the insiders or their associates and affiliates to whom shares may be issued pursuant to the Stock Option Plan, a total of up to 16,133,645 Common Shares (or 10.1% of the total issued and outstanding Common Shares) will be excluded from voting on this resolution. Accordingly, disinterested shareholders will be asked to consider and, if thought advisable, to pass the following resolution at the Meeting:

**“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. all unallocated entitlements under the Company’s Stock Option Plan as described in the Information Circular dated June 17, 2015, including reserving for issuance under the Stock Option Plan at any time a maximum of 10% of the issued and outstanding common shares of the Company, are hereby authorized and approved;
2. the Company be and is hereby authorized to grant stock options under the Stock Option Plan until July 16, 2018, being the date that is three years from the date hereof; and
3. the Company be and is hereby authorized to prepare such documents and make such submissions as the Company may be required to make to give effect to this resolution.”

Shareholders may vote FOR or AGAINST the above resolution. If the unallocated entitlements under the Stock Option Plan are not approved, previously granted options will be unaffected however no further options will be able to be issued under the Stock Option Plan and any previously issued options which are cancelled or expire would be unavailable for re-grant.

Management of the Company recommends that shareholders vote in favour of the foregoing resolution. Unless otherwise directed, the persons named in the enclosed form of Proxy intend to vote FOR the approval of the foregoing resolution at the Meeting.

**ADDITIONAL INFORMATION**

Additional information relating to the Company may be found under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided by the Company’s comparative annual financial statements for the year ended December 31, 2014, a copy of which, together with management’s discussion and analysis thereon, accompanies this Circular. Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company at 604-682-5546.

**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 17th day of June, 2015.

**ON BEHALF OF THE BOARD**

*(signed) “Damian Towns”*  
Damian Towns- Chief Financial Officer

## **Appendix A**

### **COMPENSATION COMMITTEE MANDATE**

#### **Purpose**

The overall purpose of the Compensation Committee (“Committee”) is to develop executive compensation plans that:

- attract and retain skilled and experienced executives and senior managers;
- motivate executives and senior managers to achieve corporate objectives and create shareholder value; and
- encourage executives and senior managers to link their personal financial interest to those of the shareholders.

The compensation of executives and senior management shall be based on competitive rates in the marketplace, taking account of location and conditions of employment.

Compensation for executives and senior managers shall consist of a combination of a base salary, cash based annual incentive, a long-term incentive and employee benefits.

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

1. The Committee shall consist of at least three members of the Board, a majority of whom shall be “independent” as that term is defined in National Instrument 58-101 “Disclosure of Corporate Governance Practices” and should exclude Executive Directors wherever possible. In particular, a Committee member shall not:
  - (a) other than in his or her capacity as a member of the Board or any committees of the Board, accept directly or indirectly any consulting, advisory or other fee from the Company;
  - (b) have been employed by the Company or any of its affiliates in the current or past two years; or
  - (c) be an affiliate of the Company or any subsidiaries.
2. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
3. Unless the Board shall have appointed a Chair of the Committee, the members of the Committee shall elect a Chairman from among their number.
4. The secretary of the Committee shall be designated from time to time from one of the members of the Committee or, failing that, shall be the Company’s corporate secretary, unless otherwise determined by the Committee.

5. The Committee shall have access to such officers and employees of the Company, its external auditors and legal counsel and to such information respecting the Company and may engage separate independent counsel and advisors at the expense of the Company, all as it considers to be necessary or advisable in order to perform its duties and responsibilities.

### **Meetings**

1. At the request of the PCEO or any member of the Committee, the Chairman will convene a meeting of the Committee and provide an agenda for such meeting.
2. Any two directors may request the Chairman to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to such directors, and may participate in such meeting to the extent permitted by the Chairman of the Committee.
3. 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 hear each other.
4. The Committee shall meet at least once in each year on such dates and at such locations as the Chairman of the Committee shall determine and may also meet at any other time or times on the call of the chair of the Committee or any two of the other members.

### **Duties and Responsibilities**

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

1. Review and approve corporate goals and objectives relevant to PCEO compensation, evaluate the PCEO's performance in light of these goals, and recommend the PCEO's package to the Board.
2. Make recommendations to the Board on all elements of executive officers' compensation.
3. Review all compensation information before the Company discloses it publicly.
4. Approve any compensation arrangement for a senior executive of any subsidiary.
5. Review succession planning for senior positions, and make recommendations to the Board.
6. Review appropriate compensation of the independent directors and to provide recommendations of such review for the approval by the Corporate Governance Committee and the PCEO.