

**COSIGO RESOURCES LTD.**

**Annual General and Special Meeting  
to be held on June 26, 2014**

**Notice of Annual General and Special Meeting  
and  
Information Circular**

**May 22, 2014**

## **COSIGO RESOURCES LTD.**

Suite 1500, P.O. Box 1078  
885 West Georgia Street  
Vancouver, British Columbia V6C 3E8

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

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the “**Meeting**”) of the shareholders of Cosigo Resources Ltd. (the “**Company**”) will be held at Suite 302, 9808 King George Boulevard, Surrey, British Columbia on Thursday, June 26, 2014 at 10:00 a.m. (Vancouver, British Columbia time). At the Meeting, the shareholders will receive the financial statements for the year ended December 31, 2013, together with the auditor’s report thereon, and consider resolutions to:

1. elect directors for the ensuing year;
2. appoint Morgan LLP, Chartered Accountants, as auditor of the Company for the ensuing year;
3. authorize the directors to determine the remuneration to be paid to the auditor;
4. confirm the Company’s stock option plan, as required annually by the policies of the TSX Venture Exchange;
5. consider and if deemed advisable, to pass an ordinary resolution to confirm the Company’s previously adopted shareholder rights plan, as described in the information circular that accompanies this notice under the heading “Particulars of Matters to be Acted Upon - Confirming Shareholder Rights Plan; and
6. transact such other business as may properly be put before the Meeting.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board of Directors (the “**Board**”) requests that all shareholders who will not be attending the Meeting in person read, date and sign the accompanying proxy and deliver it to Computershare Investor Services Inc. (“**Computershare**”). If a shareholder does not deliver a proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, by 10:00 a.m. (Vancouver, British Columbia time) on Tuesday, June 23, 2014 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used), then the shareholder will not be entitled to vote at the Meeting by proxy. Only shareholders of record at the close of business on Thursday, May 22, 2014 will be entitled to vote at the Meeting.

An information circular and a form of proxy accompany this notice.

DATED at Vancouver, British Columbia, the 22<sup>nd</sup> day of May, 2014.

**ON BEHALF OF THE BOARD**

*(signed) "Dennis W. Milburn"*

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Dennis W. Milburn,  
Chief Executive Officer and President

## **COSIGO RESOURCES LTD.**

Suite 1500, P.O. Box 1078  
885 West Georgia Street  
Vancouver, British Columbia V6C 3E8

### **INFORMATION CIRCULAR**

(as at May 22, 2014 except as otherwise indicated)

#### **SOLICITATION OF PROXIES**

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by Management of Cosigo Resources Ltd. (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 Thursday, June 26, 2014 (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 Investor Services Inc. (“**Computershare**”) by 10:00 a.m. (Vancouver, British Columbia time) on Tuesday, June 23, 2014, or before 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 to Computershare, or by transmitting a revocation by telephonic or electronic means, to Computershare, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment of it; 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. 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 instrument of 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 as set out above. The Company does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO’s intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not receive the documentation.

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 10:00 a.m. (Vancouver, British Columbia 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, unless specifically stated otherwise.

### **Financial Statements**

The audited financial statements of the Company for the year ended December 31, 2013, together with the auditor’s report on those statements and Management Discussion and Analysis, 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 of which 77,630,523 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 Thursday, May 22, 2014, are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no person beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the issued and outstanding common shares of the Company.

## **ELECTION OF DIRECTORS**

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. The Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the Management 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 of the Company is currently set at six.

Pursuant to the Advance Notice Provisions adopted by the shareholders of the Company on June 27, 2013, any additional director nominations for the Meeting must have been received by the Company in compliance with the Advance Notice Policy no later than the close of business on May 21, 2014. As no such nominations were received by the Company prior to such date, Management's nominees for election as directors set forth below shall be the only nominees eligible to stand for election at the Meeting.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company 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 position, if any, held in the Company	Principal occupation during the past five years	Served as director of the Company since	Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>
<b>Dennis W. Milburn</b> <sup>(2)(3)</sup> British Columbia, Canada <i>Chief Executive Officer, President and Director</i>	Chartered Public Accountant; President, CEO and a director of Cosigo Resources Ltd. since April 2011; President, Secretary and a director of Cosigo Mining Inc. since 2005; CEO of Cosigo Mining Inc. since 2008.	April 21, 2011	3,326,188
<b>Joseph H. Montgomery</b> <sup>(2)(3)(4)</sup> British Columbia, Canada <i>Executive Vice President and Director</i>	Professional Engineer; Executive Vice President and a director of Cosigo Resources Ltd. since April 2011; Executive Vice-President and a director of Cosigo Mining Inc. since 2005.	April 21, 2011	3,186,286
<b>Andres M. Rendle</b> <sup>(3)(6)</sup> British Columbia, Canada <i>Vice President of South America Operations and Director</i>	Vice President, South American Operations and a director of Cosigo Resources Ltd. since April 2011; Vice-President, Colombian Operations and a director of Cosigo Mining Inc. since 2005.	April 21, 2011	1,991,772
<b>Edward G. Robinson</b> <sup>(4)(5)(6)</sup> British Columbia, Canada <i>Director</i>	Chartered Public Accountant, Chartered Business Valuator, Partner of LBC International, an international forensic accounting firm since 1991; director of Cosigo Resources Ltd. since April 2011; director of Cosigo Mining Inc. since 2008.	April 21, 2011	509,143
<b>Patrick R. Mooney</b> <sup>(4)(5)(6)</sup> British Columbia, Canada <i>Director</i>	President and a director of Northspan Explorations Ltd. since 1980; director of Cosigo Resources Ltd. since April 2011; director of Cosigo Mining Inc. since 2008.	April 21, 2011	1,848,024
<b>Magnus E. Haglund</b> <sup>(2)(3)(7)</sup> British Columbia, Canada <i>Exploration Manager and Director</i>	Professional Geoscientist, General Manager of Northspan Explorations Ltd. since 2009; Principal of Pengrove Geological since 2008; Exploration Manager of Cosigo Resources Ltd. since February 2012.	February 1, 2012	118,972

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) Member of the Disclosure Committee.
- (3) Member of the Property Operations Committee.
- (4) Member of the Audit Committee.

- (5) Member of the Corporate Governance and Nominating Committee.
- (6) Member of the Compensation Committee.
- (7) Mr. Haglund served as the Company's Vice President of Corporate Development from April 21, 2011 to February 1, 2012.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

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

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

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under 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.

### **Individual Bankruptcies**

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

### **Penalties or Sanctions**

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

## **EXECUTIVE COMPENSATION**

### **Named Executive Officers**

During the financial year ended December 31, 2013, the Company had two Named Executive Officers ("NEOs") being, Dennis W. Milburn, the Chief Executive Officer ("CEO") and President, and Christine K. M. Aney, the Chief Financial Officer ("CFO") and Corporate Secretary of the Company.

“Named Executive Officer” means: (a) each CEO, (b) each 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; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

## COMPENSATION DISCUSSION AND ANALYSIS

### Compensation Discussion and Analysis

The compensation payable to the NEOs is determined by the Board upon the recommendations of the Board’s Compensation Committee (the “**Compensation Committee**”). The general objectives of the Compensation Committee’s compensation decisions are:

- to ensure that total compensation paid takes into account the Company’s overall financial position.
- to align management’s interests with the long-term interest of shareholders;
- to encourage management to achieve a high level of performance and results with a view to increasing long-term shareholder value; and
- to provide compensation commensurate with peer companies in order to attract and retain highly qualified executives.

The Compensation Committee’s compensation program is designed to: (a) reflect the Company’s current state of development, (b) reflect the Company’s performance and (c) provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive’s level of responsibility. In general, a NEO’s compensation is comprised of salaries / consulting fees and stock option grants.

To ensure that the general objectives of the Compensation Committee’s compensation decisions are met, the salaries and/or consulting fees are subject to periodic reviews and comparisons of compensation paid to executives at similar companies (the “**peer group**”). Stock option grants are designed to reward the NEOs for success on a similar basis as the shareholders of the Company, but these rewards are highly dependent upon the volatile stock market, much of which is beyond the control of the NEOs.

Neither the Board nor the Compensation Committee has proceeded to a formal evaluation of the implications of the risks associated with the Company’s compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation programme, and the Board and the Compensation Committee does not believe that the Company’s compensation programme results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

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.

## **Share-Based and Option-Based Awards**

The stock option plan of the Company (the “**Stock Option Plan**”) is administered by the Compensation Committee, subject to ratification by the Board. The Compensation Committee grants stock options to officers, directors, employees and consultants of the Company in accordance with the terms of the Stock Option Plan.

Stock option grants are made on the basis of the number of options previously granted, position, overall individual performance, anticipated contribution to the Company’s future success and the individual’s ability to influence corporate and business performance. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors, employees and consultants of the Company and to closely align the personal interest of such persons to the interest of the shareholders. The exercise price of the stock options granted is generally determined by the market price at the time of grant, however, the Company has and may in the future grant options at a price in excess of the market price.

## **Employee Share Purchase Plan**

In 2011, the Board approved an employee share purchase plan (the “**Employee Share Purchase Plan**”), to induce employees to hold common shares of the Company. The Employee Share Purchase Plan was approved by the Company’s shareholders on March 30, 2011. Reference is made to the description of such plan under the heading “Employee Share Purchase Plan” below.

## **Compensation Governance**

The Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Company. The Compensation Committee currently consists of three members; namely, Patrick R. Mooney, Edward G. Robinson and Andres M. Rendle. All members of the Compensation Committee are considered independent other than Andres M. Rendle as he is the Vice President of South America Operations.

The following is a summary description of the mandate and responsibilities of the Compensation Committee as it relates to NEO compensation:

- (a) plan for the succession of the President and CEO and other senior management of the Company;
- (b) administer the Stock Option Plan, subject to ratification by the Board;
- (c) grant stock options to officers, directors, employees and consultants of the Company in accordance with the terms of the Stock Option Plan;
- (d) review the general policies concerning the compensation and benefits granted to employees and officers of the Company and recommend guidelines including the establishment of categories of executives, pay scales, performance bonus guidelines, benefits and standardized grants of options;
- (e) review the directors’ compensation annually, and report and propose adjustments to the Board;
- (f) review executive compensation disclosure before the Company publicly discloses such information;

- (g) review and approve corporate goals and objectives relevant to the compensation of the President and CEO and evaluate the President and CEO’s performance; and
- (h) make recommendations to the Board with respect to non-CEO and non-President officer compensation (including incentive compensation plans and the Stock Option Plan).

All members of the Compensation Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have held senior executive roles within public companies, and therefore have a good understanding of compensation programmes. They also have good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members combined experience in the resource sector provides them with the understanding of the Company’s success factors and risks, which is very important when determining metrics for measuring success.

### SUMMARY COMPENSATION TABLE

Set out below is a summary of compensation paid or accrued during the Company’s three most recently completed financial years to the Company’s NEOs.

#### Summary Compensation Table

Name and principal position	Year	Salary (\$)	Option-based awards <sup>(1)</sup> (\$)	Share-based awards (\$)(2)	Non-equity incentive plan compensation (\$)		All other compensation (\$)	Total compensation (\$)
					Annual Incentive plans	Long-term incentive plans		
Dennis W. Milburn	2013	92,000	8,249	N/A	N/A	N/A	N/A	100,249
President and CEO	2012	101,947	190,669	15,325	N/A	N/A	N/A	307,941
	2011	62,083	N/A	N/A	N/A	N/A	N/A	62,083
Christine K.M. Aney Corporate Secretary and CFO	2013	N/A	N/A	N/A	N/A	N/A	75,768	75,768
	2012	N/A	89,376	9,361	N/A	N/A	72,750	171,487
	2011	N/A	N/A	N/A	N/A	N/A	55,875	55,875

Notes:

- (1) The fair value of option-based awards (with respect to the Company’s Stock Option Plan) is determined by the Black-Scholes Option Pricing Model with the following assumptions:

	2013	2012	2011
Risk-free interest rate:	2.63%	2.10%	2.20%
Expected dividend yield:	Nil	Nil	Nil
Expected volatility:	130%	132%	150%
Expected life of option:	8.5 yrs	10 yrs	5 yrs

The Company has chosen the Black-Scholes methodology to calculate the grant date fair value of option-based awards as it is the methodology used in the Company’s financial statements.

- (2) The fair value of share-based awards (with respect to the Company’s Employee Share Purchase Plan) is determined based on the trading price of the shares on the date the shares are issued.

## INCENTIVE PLAN AWARDS

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

The following table sets forth the outstanding option-based awards held by the NEOs of the Company at the end of 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 (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Dennis W. Milburn <i>President and CEO</i>	850,000	\$0.50	April 10, 2022	N/A	N/A	N/A	N/A
Christine K. M. Aney <i>Corporate Secretary and CFO</i>	100,000	\$0.25	March 18, 2018	N/A	N/A	N/A	N/A
	375,000	\$0.50	April 10, 2022	N/A	N/A	N/A	N/A

Notes:

- (1) “In-the-Money Options” means the excess of the market value of the Company’s shares on December 31, 2013 over the exercise price of the options. The market price for the Company’s common shares on December 31, 2013 was \$0.19.

### 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 financial year by each NEO:

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

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$) <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$)
Dennis W. Milburn <i>President and CEO</i>	8,249	N/A	N/A
Christine K. M. Aney <i>Corporate Secretary and CFO</i>	N/A	9,361	N/A

Notes:

- (1) All options granted to the NEOs vested on the date of grant and the exercise price of such options was greater than the closing price of the Company's shares as of the date of grant. 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.
- (2) All shares granted to NEOs vested on the date of grant. The amounts above disclose the aggregate dollar value that would have been realized by multiplying the number of shares by the market value of the underlying shares on the vesting date.

### **Narrative Discussion**

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

1. The maximum number of shares reserved for issuance pursuant to the exercise of stock options under the Stock Option Plan, together with the number of shares issuable under the Company's other previously established or proposed share compensation arrangements, is equal to 10% of the number of issued and outstanding shares of the Company at any given time on a "rolling" basis.
2. The Stock Option Plan was established to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Company. The intention of management in proposing the Stock Option Plan was and is to increase the proprietary interest of such persons in the Company and thereby aid the Company in attracting, retaining and encouraging the continued involvement of such persons with the Company.
3. The Board shall specify, in a written agreement between the Company and the optionee, the number of shares subject to option, the date on which the option is effectively granted, the period of time during which the option may be exercised, the option price and such other terms and conditions as the Board deems advisable and are consistent with the purposes of the Stock Option Plan. The option price shall not be less than, as long as the Shares are listed in Canada on the TSXV, the last closing price of the Shares before the date on which the option is effectively granted less the maximum discount permitted under the policies of the TSXV.
4. The Board shall not grant options to any one person in any 12 month period which could, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which could, when exercised, exceed 2% of the issued and outstanding shares of the Company.
5. If any options are surrendered, terminate or expire without being exercised in whole or in part, new options may be granted covering the Shares not purchased under such lapsed options.
6. Provided that the Shares are listed on the TSXV, the length of term of an option shall in no event be greater than ten years following the date of grant.

7. If the option holder ceases to be a director, senior officer, employee or a consultant of the Company (other than by reason of disability, death or termination for cause) then the option granted shall expire on a date which is no later than the date that is six months following the date that the option holder ceases to be a director, employee or consultant of the Company, or, as long as the Shares are listed on the TSXV and if the Company is designated as a "Tier 2" listed company by the TSXV, then in the case of a person employed to provide investor relations activities, not more than 30 days after such person ceases to be employed to provide investor relations activities.
8. Options granted to consultants performing investor relations activities shall vest in stages over 12 months with no more than 1/4 of such options so granted vesting in any three month period.
9. The Board retains the discretion to impose vesting periods on any options granted.
10. Except as permitted by securities laws and the policies of the TSXV, all options are non-assignable and non-transferable.

In accordance with the policies of the TSXV, a plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting.

### **Employee Share Purchase Plan**

The Employee Share Purchase Plan was approved by the shareholders of the Company on March 30, 2011. The following information is intended as a brief description of the Employee Share Purchase Plan and is qualified in its entirety by the full text of the Employee Share Purchase Plan, which will be available for review at the Meeting.

1. The purpose of the Employee Share Purchase Plan is to provide an incentive to eligible employees from time to time to acquire a proprietary interest in the Company, to encourage their long term commitment and continued employment or involvement with the Company and to increase their individual and combined efforts on behalf of the Company.
2. The number of participating shares issuable under the Employee Share Purchase Plan, together with the number of shares issuable under the Company's other previously established or proposed share compensation arrangements, shall not exceed 10% of the number of issued and outstanding shares of the Company at any given time on a "rolling" basis.
3. The number of participating shares which may be issuable under the Employee Share Purchase Plan, together with the number of shares issuable under the Company's other previously established or proposed share compensation arrangements: (a) to insiders, in aggregate, within a one-year period, shall not exceed 10% of the outstanding issue of shares; and (b) to any one eligible employee, within a one-year period, shall not exceed 5% of the outstanding issue of shares.
4. Eligible employees may acquire such number of participating shares as determined by the Board, either through payroll deductions or by cheque, cash or other form of payment acceptable to the Company, up to a maximum of 20% of their gross compensation earned during each purchase period.

5. The Company contributes, as a bonus, a cash amount equal to each dollar contributed by the eligible employee. The payroll deductions, or other employee contribution, together with the Company's contribution is used to purchase participating shares at the price per share equal to the market price of the Company's common shares on the TSXV calculated at the beginning of the subscription period
6. The subscription period means the 30 day periods commencing February 1, May 1, August 1 and November 1 prior to the purchase periods, during which subscriptions may be made for participating shares under the Employee Share Purchase Plan. Purchase period means the three month periods commencing March 1, June 1, September 1 and December 1, of each year.
7. The Company determines each eligible employee's allocation of participating shares on the last day of the purchase period.
8. The participating shares are issued from treasury to each eligible employee on the last day of each purchase period.
9. The eligible employee may not sell, transfer, assign, mortgage, pledge, charge, hypothecate, encumber, alienate or otherwise dispose of, create a security interest in, grant an option on, or cease to be the holder of any participating shares, or any right or interest therein, at any time for one year from the date of issue of the participating shares, except with the prior consent in writing of the Company or as otherwise permitted by the Employee Share Purchase Plan and subject in all cases to any hold period or restricted period imposed by the TSXV or applicable securities laws.

#### **PENSION BENEFITS**

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

#### **TERMINATION AND CHANGE OF CONTROL BENEFITS**

The Company has entered into an employment agreement with Dennis Milburn, a NEO. Under the terms of the employment agreement Mr. Milburn is not entitled to any compensation if he is terminated with cause. In the event of a Change of Control of the Company, Mr. Milburn can choose, within 60 days whether or not to terminate the employment agreement. If he chooses to terminate the employment agreement he will be entitled to an amount equal to four times his current yearly salary. If Mr. Milburn is terminated without cause he will be entitled to four months' notice and an amount equal to three times his current yearly salary.

The table below sets out the estimated incremental payments, payables and benefits due to Mr. Milburn on termination on a change of control or resignation for good cause following a change of control assuming termination or resignation on December 31, 2013.

Name	Base Salary (\$)	Bonus (\$)	Option-Based Awards (\$)	All Other Compensation (\$)	Total (\$)
Dennis Milburn, <i>President and CEO</i>	368,000	Nil	Nil	Nil	368,000

The table below sets out the estimated incremental payments, payables and benefits due to Mr. Milburn on termination without cause assuming termination on December 31, 2013.

Name	Base Salary (\$)	Bonus (\$)	Option-Based Awards (\$)	All Other Compensation (\$)	Total (\$)
Dennis Milburn, <i>President and CEO</i>	306,667	Nil	Nil	Nil	306,667

The Company has not entered into any other contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a NEO's responsibilities.

### DIRECTOR COMPENSATION

Other than compensation paid to the NEOs, and except as noted below, no compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year.

Set out below is a summary of compensation paid or accrued during the Company's most recently completed financial year to the Company's directors, other than the NEOs previously disclosed:

#### Director Compensation Table

Name	Fees earned (\$)	Option-based awards <sup>(1)</sup> (\$)	Share-based awards (\$) <sup>(3)</sup>	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Joseph H. Montgomery	N/A	N/A	N/A	N/A	53,817	53,817
Andres M. Rendle	N/A	N/A	N/A	N/A	93,462	93,462
Edward G. Robinson	N/A	N/A	N/A	N/A	N/A	N/A
Patrick R. Mooney <sup>(3)</sup>	N/A	8,249	2,171	N/A	N/A	10,420
Magnus E. Haglund	N/A	N/A	N/A	N/A	46,328	46,328

Notes:

- (1) The fair value of option-based awards is determined by the Black-Scholes Option Pricing Model with the following assumptions:

	<u>2013</u>
Risk-free interest rate:	2.63%
Expected dividend yield:	Nil
Expected volatility:	130%
Expected life of option:	8.5 yrs

The Company has chosen the Black-Scholes methodology to calculate the grant date fair value of option-based awards as it is the methodology used in the Company's financial statements.

- (2) The fair value of share-based awards (with respect to the Company's Employee Share Purchase Plan) is determined based on the trading price of the shares on the date the shares are issued.
- (3) Patrick R. Mooney was granted 50,000 stock options in 2013.

### Narrative Discussion

Directors are compensated through the grant of stock options. Stock options were granted to directors in 2013 as detailed above. No directors' fees are paid.

## INCENTIVE PLAN AWARDS

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

The Company does not have any share-based awards held by a director. The following table sets forth details of all awards granted to directors of the Company which are outstanding at the end of 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 (\$) <sup>(1)</sup>	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 (\$)
Joseph H. Montgomery	850,000	\$0.50	April 10, 2022	N/A	N/A	N/A
Andres M. Rendle	850,000	\$0.50	April 10, 2022	N/A	N/A	N/A
Edward G. Robinson	200,000	\$0.50	April 10, 2022	N/A	N/A	N/A
Patrick R. Mooney	850,000	\$0.50	April 10, 2022	N/A	N/A	N/A
Magnus E. Haglund	475,000	\$0.50	April 10, 2022	N/A	N/A	N/A

Note:

- (1) "In-the-Money Options" means the excess of the market value of the Company's shares on December 31, 2013 over the exercise price of the options. The market price for the Company's common shares on December 31, 2013 was \$0.19.

### 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 financial year by each director:

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

<b>Name</b>	<b>Option-based awards - Value vested during the year<sup>(1)</sup> (\$)</b>	<b>Share-based awards - Value vested during the year<sup>(2)</sup> (\$)</b>	<b>Non-equity incentive plan compensation - Value earned during the year (\$)</b>
Joseph H. Montgomery	N/A	N/A	N/A
Andres M. Rendle	N/A	N/A	N/A
Edward G. Robinson	N/A	N/A	N/A
Patrick R. Mooney	8,249	2,171	N/A
Magnus E. Haglund	N/A	N/A	N/A

Notes:

- (1) All options granted to the Directors vested on the date of grant and the exercise price of such options was greater than the closing price of the Company's shares as of the date of grant. 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.
- (2) All shares granted to Directors vested on the date of grant. The amounts above disclose the aggregate dollar value that would have been realized by multiplying the number of shares by the market value of the underlying shares on the vesting date.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at the end of the most recently completed financial year:

<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>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by the securityholders <sup>(1)(2)</sup>	6,665,000	\$0.47	482,884
Equity compensation plans not approved by the securityholders	N/A	N/A	N/A
<b>Total</b>	6,665,000	\$0.47	482,884

Notes:

- (1) Pursuant to the Employee Share Purchase Plan and the Stock Option Plan, the number of participating shares issuable under the Employee Share Purchase Plan and the Stock Option Plan, together with the number of shares issuable under the Company's other previously established or proposed share compensation arrangements, shall not exceed 10% of the shares outstanding from time to time.

- (2) On December 31, 2013, there were 77,630,523 common shares of the Company issued and outstanding and 482,884 shares are issuable under the Employee Share Purchase Plan and the Stock Option Plan.

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

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

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

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director 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, the appointment of auditors and the confirmation of the Stock Option Plan.

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

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates 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 any of its subsidiaries.

### **APPOINTMENT OF AUDITOR**

Management intends to nominate Morgan LLP, Chartered Accountants, of Suite 1488 - 700 West Georgia Street, Vancouver, British Columbia, V7Y 1A1, for re-appointment as auditor of the Company. Forms of proxies given pursuant to this solicitation will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of Morgan LLP, Chartered Accountants, as the auditor of the Company to hold office for the ensuing year with remuneration to be fixed by the directors. Morgan LLP, Chartered Accountants was first appointed as the Company's auditor on July 4, 2011.

### **MANAGEMENT CONTRACTS**

Other than as disclosed elsewhere in this Circular, no Management functions of the Company are to any substantial degree performed by a person or company other than the directors or NEOs of the Company or a subsidiary.

### **AUDIT COMMITTEE**

The Company is required to have an audit committee (the "**Audit Committee**") comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

## **Audit Committee Charter**

The text of the Audit Committee's charter is attached as Schedule "A" to this Circular.

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

The Company's current Audit Committee consists of Joseph H. Montgomery, Patrick R. Mooney and Edward G. Robinson.

National Instrument 52-110 - *Audit Committees* ("NI 52-110") provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company's Board, reasonably interfere with the exercise of the member's independent judgment. Of the Company's current Audit Committee members, Patrick R. Mooney and Edward G. Robinson are "independent" within the meaning of NI 52-110. Joseph H. Montgomery is not "independent" as he is also an officer of the Company.

NI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. All of the members of the Audit Committee are "financially literate" as that term is defined. The following sets out the Audit Committee members' education and experience that is relevant to the performance of his responsibilities as an audit committee member.

## **Relevant Education and Experience**

*Joseph H. Montgomery:* Joseph H. Montgomery is a professional engineer, holds a Ph.D. in Geology and has been actively involved in the mining industry for over fifty years. During this period he has held positions as director or officer with many private and public companies in this sector including Cosigo Resources Ltd., Almaden Minerals Ltd. and Infrastructure Materials Corp.

*Patrick R. Mooney:* Patrick R. Mooney is President of Northspan Explorations Ltd. ("Northspan"), a contract drilling company based in Kelowna, British Columbia. He has over 33 years' experience in contract drilling and mineral exploration including the development of innovative and cost effective exploration drilling equipment. Mr. Mooney has been responsible for all accounting, budgeting and financing activities of Northspan since its incorporation in 1980. Northspan employs up to 25 people and has up to six drilling units operating during the drilling season.

*Edward G. Robinson:* Edward G. Robinson is a Chartered Public Accountant, a Chartered Business Valuator and has been a partner at LBC International, an international forensic accounting firm since 1991. He serves as Chairman of the Audit Committee.

## **Audit Committee Oversight**

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

**Reliance on Certain Exemptions**

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

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

**Pre-Approval Policies and Procedures**

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

**Audit Fees**

The following table sets forth the aggregate fees billed by Morgan LLP, Chartered Accountants, to the Company and its subsidiaries for services rendered in the last two fiscal years:

	<u>2013</u>	<u>2012</u>
	(\$)	(\$)
Audit fees <sup>(1)</sup>	34,170	73,977
Audit related fees <sup>(2)</sup> .....	Nil	Nil
Tax fees <sup>(3)</sup> .....	Nil	Nil
All other fees <sup>(4)</sup> .....	Nil	3,427
<b>Total</b>	<b><u>34,170</u></b>	<b><u>77,404</u></b>

Notes:

- (1) “Audit fees” include aggregate fees billed by the Company’s external auditor in each of the last two fiscal years for audit fees.
- (2) “Audit related fees” include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company’s external auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported under “Audit fees” above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation. (3) “Tax fees” include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company’s external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities. (4) “All other fees” include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company’s external auditor, other than “Audit fees”, “Audit related fees” and “Tax fees” above

**Exemption in Section 6.1**

The Company is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

**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. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company’s approach to corporate governance is set out below.

### **Board of Directors**

Management is nominating six individuals to the Board, all of whom are current directors of the Company.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. The “material relationship” is defined as a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a director’s independent judgement. Of the proposed nominees, Messrs. Milburn, Rendle, Montgomery and Haglund are Management directors (as a result of being officers of the Company) and accordingly such persons are not considered to be “independent” within the meaning of NI 52-110. Messrs. Mooney and Robinson do not have a direct or indirect material relationship with the Company and are considered by the Board to be independent within the meaning of NI 52-110.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO and the President. The Board will give direction and guidance through the President to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee and appoints the chairperson of each committee, establishes and periodically reviews and updates the committee mandates, duties and responsibilities of each committee of the Board, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of both the CEO and the President, appoints the senior officers of the Company and approves the senior Management structure of the Company.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the President, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia) (the “**Act**”), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees.

## **Directorships**

The following directors of the Company are also directors of other reporting issuers as stated:

- Dennis W. Milburn is a director of Getty Copper Inc.; and
- Joseph H. Montgomery is a director of Infrastructure Materials Corp. and Almaden Minerals Ltd.

## **Orientation and Continuing Education**

The Board does not have any formal policies with respect to the orientation of new directors but it continues to ensure ongoing professional development for all directors and officers of the Company. The Board has constituted a Corporate Governance and Nominating Committee, which is comprised of Edward G. Robinson, Chairman, and Patrick R. Mooney, both of whom are independent directors, the mandate of which includes recommending to the Board an orientation program for new directors and ongoing education program for all directors. Accordingly, the Board anticipates further examining the development of a formal program during the 2014 fiscal year.

## **Ethical Business Conduct**

The Board's conduct and responsibilities are governed by the Act, the Company's Articles, the Board's mandate and the various codes of conduct adopted by the Board. The Board has adopted a code of ethics and business conduct, a policy on corporate governance and committee organization, a corporate disclosure policy, a securities trading policy relating to trading and confidentiality obligations of employees, officers and directors of the Company, a privacy policy and a whistleblower policy. In addition the CEO and CFO of the Company specifically acknowledge the obligation to: (i) adhere to and advocate the establishment of standards reasonably necessary to deter wrongdoing and to promote timely, factual and accurate disclosure in reports and documents that the Company files with, or submits to, securities regulators and in other public communications made by the Company; and (ii) comply with the laws, rules and regulations of federal, provincial and local governments and other appropriate regulatory agencies.

## **Nomination of Directors**

The Board has constituted a Corporate Governance and Nominating Committee, which is comprised of Edward G. Robinson, Chairman, and Patrick R. Mooney, both of whom are independent directors. The mandate of this committee includes the following duties and responsibilities in regards to potential board nominees:

- (a) develop criteria for selection of directors and procedures to identify possible nominees;
- (b) review and assess qualifications of the nominees;
- (c) submit to the Board for consideration and decision names of the nominees to be brought forward to the next annual general meeting of the shareholders or to be appointed to fill vacancies in between annual general meetings;
- (d) consider and recommend to the Board appropriate retirement ages of directors; and
- (e) determine if any director's qualifications or credentials since his or her appointment have changed or other circumstances arisen so as to warrant a recommendation that such director resign.

Annually, following the annual general meeting of the Company, the Board elects from its members not less than three directors to serve on the Corporate Governance and Nominating Committee. Each member holds office until the close of the next annual general meeting of the Company or until the member resigns or is replaced, whichever first occurs. The Board appoints one of the directors on the Corporate Governance and Nominating Committee as the chairperson (the “**Corporate Governance and Nominating Committee Chairperson**”), whose duties include overseeing the proper functioning of the Corporate Governance and Nominating Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

The Corporate Governance and Nominating Committee will meet as often as may be necessary or appropriate in its judgment.

### **Compensation Committee**

The Compensation Committee is a committee comprised of at least three directors whose primary purpose is to enable the Company to recruit, retain and motivate employees and ensure conformity between compensation and other corporate objectives and review and recommend for Board consideration, all compensation packages, both present and future, for the Company’s management and directors (including annual retainer, meeting fees, bonuses and option grants) including any severance packages. A majority of the members shall not be officers or employees of the Company and shall be unrelated, independent directors.

Members of the Compensation Committee shall be appointed or reappointed at the meeting of the Board following the Company’s annual general meeting and from among the appointees to the Compensation Committee, the Board shall appoint a chairperson (the “**Compensation Committee Chairperson**”). The duties of the Compensation Committee Chairperson include overseeing the proper functioning of the Compensation Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

The Compensation Committee will meet as often as may be necessary or appropriate in its judgment.

In exercising its mandate, the Compensation Committee sets the standards for the compensation of directors, employees and officers based on industry data and with the goal to attract, retain and motivate key persons to ensure the long term success of the Company. Compensation generally includes the three (3) following components: base salary, annual bonus based on performance and grant of stock options. The Compensation Committee takes into account the North American context of its activities and increased competition in the market for its key personnel while also taking into account the performance and objectives set forth for the Company.

The Compensation Committee is accountable to the Board and reports to the Board at its next regular meeting all deliberations and actions it has taken since any previous report. Minutes of Compensation Committee meetings will be available for review by any member of the Board on request to the Compensation Committee Chairperson.

The members of the Compensation Committee are Patrick R. Mooney, Edward G. Robison and Andres M. Rendle.

### **Disclosure Committee**

The Disclosure Committee monitors the Company’s Corporate Disclosure Policy. The objective of the Corporate Disclosure Policy is to ensure that communications about the Company to the investing public

are timely, factual and accurate and are broadly disseminated in accordance with all applicable legal and regulatory requirements. The Disclosure Committee consists of Magnus E. Haglund, Dennis W. Milburn and Joseph H. Montgomery. Mr. Haglund is the Chairman of the Disclosure Committee.

### **Property Operations Committee**

The Property Operations Committee is responsible for directing the Company's exploration activities, reviewing acquisitions of new projects, negotiating property agreements, reviewing sampling procedures and preparing maps and reports. The Property Operations Committee consists of Dennis W. Milburn, Joseph H. Montgomery (a Qualified Person under National Instrument 43-101), Magnus E. Haglund and Andres M. Rendle. Mr. Milburn is the Chairman of the Property Operations Committee.

### **Assessments**

One of the responsibilities of the Corporate Governance and Nominating Committee is to report to the Board, in the manner and to the extent that this committee deems appropriate, on the effectiveness of the performance of the Board as a whole, the Committees of the Board and the contribution of individual directors. Specifically, this committee reviews areas in which the Board's effectiveness may be enhanced and takes into account the suggestions of all directors as well as Corporate Governance guidelines and rules that are put in place by regulatory bodies or other sources which the Committee deems appropriate.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor Management and corporate functions without excessive administration burden.

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

### **Confirming Stock Option Plan**

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

1. The maximum number of shares reserved for issuance pursuant to the exercise of stock options under the Stock Option Plan, together with the number of shares issuable under the Company's other previously established or proposed share compensation arrangements, is equal to 10% of the number of issued and outstanding shares of the Company at any given time on a "rolling" basis.
2. The Stock Option Plan was established to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Company. The intention of management in proposing the Stock Option Plan was and is to increase the proprietary interest of such persons in the Company and thereby aid the Company in attracting, retaining and encouraging the continued involvement of such persons with the Company.

3. The Board shall specify, in a written agreement between the Company and the optionee, the number of shares subject to option, the date on which the option is effectively granted, the period of time during which the option may be exercised, the option price and such other terms and conditions as the Board deems advisable and are consistent with the purposes of the Stock Option Plan. The option price shall not be less than, as long as the Shares are listed in Canada on the TSXV, the last closing price of the Shares before the date on which the option is effectively granted less the maximum discount permitted under the policies of the TSXV.
4. The Board shall not grant options to any one person in any 12 month period which could, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which could, when exercised, exceed 2% of the issued and outstanding shares of the Company.
5. If any options are surrendered, terminate or expire without being exercised in whole or in part, new options may be granted covering the Shares not purchased under such lapsed options.
6. Provided that the Shares are listed on the TSXV, the length of term of an option shall in no event be greater than ten years following the date of grant.
7. If the option holder ceases to be a director, senior officer, employee or a consultant of the Company (other than by reason of disability, death or termination for cause) then the option granted shall expire on a date which is no later than the date that is six months following the date that the option holder ceases to be a director, employee or consultant of the Company, or, as long as the Shares are listed on the TSXV and if the Company is designated as a "Tier 2" listed company by the TSXV, then in the case of a person employed to provide investor relations activities, not more than 30 days after such person ceases to be employed to provide investor relations activities.
8. Options granted to consultants performing investor relations activities shall vest in stages over 12 months with no more than 1/4 of such options so granted vesting in any three month period.
9. The Board retains the discretion to impose vesting periods on any options granted.
10. Except as permitted by securities laws and the policies of the TSXV, all options are non-assignable and non-transferable.

In accordance with the policies of the TSXV, a plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting.

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

**"IT IS RESOLVED THAT** the Stock Option Plan is hereby approved and confirmed."

### **Confirming Shareholder Rights Plan**

#### ***General***

Shareholders are being asked to consider and, if deemed advisable, to approve a resolution confirming the shareholder rights plan agreement adopted by the shareholders on October 28, 2011. On that date, the Company entered into a shareholder rights plan agreement (the "**Rights Plan**") with Computershare

Investor Services Inc. (the “**Rights Agent**”). The Rights Plan became effective on October 28, 2011, subject to shareholder ratification as required by the TSX-V and the Rights Plan.

The Rights Plan has successive three-year terms and will expire at the close of the Meeting and at every third annual meeting of the Company thereafter, unless it is reconfirmed by shareholders at such meeting or otherwise terminated in accordance with its terms prior to that time.

The full text of the Rights Plan will be available for viewing at the Meeting and at the Company’s web site at “<http://www.cosigo.com/s/agm.asp>”

The purpose, background and a summary of the Rights Plan are outlined below. Unless otherwise defined below, capitalized terms in these sections shall have the definitions ascribed in the Rights Plan.

### ***Purpose of the Rights Plan***

The Rights Plan is designed to protect shareholders of the Company from unfair, abusive or coercive take-over strategies, including the acquisition of control of the Company by a bidder in a transaction or series of transactions that does not treat all shareholders equally or fairly or provide all shareholders an equal opportunity to share in the premium paid on an acquisition of control. The Rights Plan provides Management and the Board with more than the 35 day statutory minimum period under Canadian securities laws to review the terms of a take-over bid and solicit alternative offers. The Rights Plan is not intended to prevent a take-over or deter fair offers for securities of the Company. Rather, it is designed to encourage anyone seeking to acquire control of the Company to make an offer that represents fair value to all holders of common shares.

The Rights Plan operates by causing substantial dilution to a person or group who attempts to acquire control of the Company other than through a Permitted Bid (as defined below) or on terms approved by the Board. The Rights Plan provides that take-over bids that meet pre-determined standards of fairness will be Permitted Bids and will proceed without triggering the dilutive effects of the Rights Plan. The Permitted Bid concept, which is found in most shareholder rights plans, ensures that senior management of the Company and the Board do not impair the rights of shareholders to obtain, review and accept or decline take-over bids. The Rights Plan is designed to afford the Board the opportunity to present to the shareholders of the Company a detailed analysis of a bid and additional time to consider alternatives to an unfair or inadequate proposal and, if it considers such action to be in the best interests of all shareholders, to commence an orderly auction of the shares or assets of the Company for the benefit of all shareholders.

If a bidder does not wish to make a Permitted Bid, the bidder can negotiate with and obtain prior approval of the Board to make an offer on terms that the Board considers fair to all shareholders. In such circumstances, the Board may redeem the Rights or waive the application of the Rights Plan, thereby allowing such offer to proceed without dilution to the bidder. The adoption of the Rights Plan does not relieve the Board of its fiduciary duties to act in the best interests of all shareholders and does not prevent a take-over bid or merger or other business combination that the Board, in the exercise of its fiduciary duties, determines to be in the best interests of the Company and its shareholders. Moreover, the Rights Plan does not inhibit the use of the proxy solicitation rules under applicable legislation to promote a change in the management or direction of the Company.

The Rights Plan is designed not to interfere with the day-to-day operations of the Company. Prior to being activated, the Rights Plan does not affect the Company’s balance sheet or income statement and its implementation should not result in a taxable event for the Company or its shareholders. The implementation of the Rights Plan does not increase the level of debt of the Company or involve a sale, exchange or purchase of significant assets or the loss of earning power of the Company. The issue of the

Rights does not dilute the equity or voting interests of existing shareholders and should not interfere with equity or debt financing by the Company.

In considering whether to approve the adoption of the Rights Plan, the Board was made aware that the Rights Plan may discourage certain types of take-over bids that might be made for the Company and may render more difficult a merger, tender offer, assumption of control by the holders of a large block of the Company's securities or the removal of incumbent management. This is because the Rights Plan will cause substantial dilution to a person or group that attempts to acquire the Company other than through a Permitted Bid or on terms approved by the Board. The Board carefully considered these matters but concluded that they do not justify denying shareholders the protection that the Rights Plan affords. The Rights Plan is not intended to prevent all unsolicited take-over bids for the Company and will not do so. The Rights Plan is designed to encourage potential bidders to make Permitted Bids or negotiate take-over proposals with the Board that the Board considers are in the best interests of the Company and to protect the Company's shareholders against being coerced into selling their Shares at less than fair value.

### ***Background***

The Rights Plan is intended to address the Board's concern that, in the current business and legal environment in which the Company operates, there is the potential for unfair treatment of shareholders that should be guarded against to the extent practicable.

The Board is concerned that under current law an acquiror could use coercive or other abusive take-over practices to obtain control of the Company without paying a fair price and without negotiating with the Board acting on behalf of all shareholders. For example, a bidder may acquire blocks of Shares in the market or in private agreements involving a small number of private investors and thereby gain effective control of the Company without paying an appropriate "control premium" to all shareholders of the Company. A bidder may also make a take-over bid to acquire effective or legal control of the Company that the Board, acting honestly and in good faith, may believe is wholly inadequate and unfair to shareholders of the Company and does not reflect the full or premium control value for all of the Shares. The Board also believes that the timetable for take-over bids prescribed by the Canadian securities laws could impair the Board's ability to ensure that all other alternatives to maximize shareholder value are thoroughly explored.

In response to these concerns, the Board considered the desirability and the practicability of various strategies to deter unfair or abusive take-over practices and, in particular, whether a shareholder rights plan would be in the best interests of the Company and its shareholders and, if so, what the appropriate characteristics of such a shareholder protection rights plan would be.

### ***Summary of the Rights Plan***

The following is a summary of the principal terms of the Rights Plan, which summary is qualified in its entirety by reference to the text of the Rights Plan.

*Rights Exercise Privilege:* After a person acquires 20% or more of the Shares of the Company or commences a take-over bid to acquire Shares of the Company, other than by way of a Permitted Bid (the "**Separation Time**"), the Rights will separate and trade separately from the Shares and will be exercisable. The acquisition by any person (an "**Acquiring Person**") of 20% or more of the Shares, other than by way of a Permitted Bid, is referred to as a "Flip-in Event". Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event.

Eight business days after the occurrence of a Flip-in Event, each Right (other than those held by the Acquiring Person), will permit its holder to purchase \$20 worth of common shares of the Company for \$10 (i.e. at a 50% discount).

The issue of the Rights is not initially dilutive. However, upon a Flip-in Event occurring and the Rights separating from the Shares, reported earnings per share on a fully diluted or non-diluted basis may be affected. Holders of Rights not exercising their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

*Certificates and Transferability:* Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Shares issued from and after the Effective Date and will not be transferable separately from the Shares. Promptly following the Separation Time, separate certificates evidencing the Rights (the "Rights Certificates") will be mailed to holders of record of Shares as of the Separation Time and the separate Rights Certificates will evidence the Rights. From and after the Separation Time, Rights Certificates, which will be transferable and traded separately from the Shares, will evidence the Rights.

*Permitted Bids:* The requirements for a Permitted Bid include the following:

- (a) the take-over bid must be made by way of a take-over bid circular;
- (b) the take-over bid must be made to all holders of Shares;
- (c) Shares tendered pursuant to the take-over bid may be taken up only after the expiry of not less than 60 days and then only if at such time more than 50% of the Shares held by shareholders other than the bidder, its affiliates and persons acting jointly or in concert with the bidder ("Independent Shareholders") have been tendered to the take-over bid and not withdrawn;
- (d) shareholders who tender their shares to the take-over bid must be permitted to withdraw their shares prior to the shares being taken up and paid for; and
- (e) if more than 50% of the Shares held by Independent Shareholders are tendered to the take-over bid within the 60 day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Shares for an additional 10 business days from the date of such public announcement.

The Rights Plan allows for a competing Permitted Bid (a "Competing Bid") to be made while a Permitted Bid is in existence. A Competing Bid must satisfy all the requirements of the Permitted Bid except that it may expire on the same date as the Permitted Bid, subject to the statutory requirement that it be outstanding for a minimum period of 35 days.

*Waiver and Redemption:* The Board may, prior to the Flip-in Event, waive the dilutive effects of the Rights Plan in respect of a particular Flip-in Event resulting from a take-over bid made by way of a take-over bid circular to all holders of Shares of the Company, in which event such waiver would be deemed also to be a waiver in respect of any other Flip-in Event occurring under a take-over bid made by way of a take-over bid circular to all holders of Shares. The Board may also waive the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, and may, in such circumstances require that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding Shares of the Company prior to such waiver being granted. With the majority consent of shareholders or Rights holders at any time prior to the occurrence of a Flip-in Event, the Board may at its option redeem all, but not less than all, of the outstanding Rights at a price of \$0.0001 each.

*Exemption for Investment Advisors:* Investment managers (for client accounts), trust companies (acting in their capacities as trustees and administrators), statutory bodies (managing investment funds for employee benefit plans, pension plans, insurance plans or various public bodies), administrators and trustees of pension funds, securities depositories and crown agents, any of whom acquire greater than 20% of the Shares of the Company, are exempted from triggering a Flip-in Event provided that they are not making, or are not part of a group making, a take-over bid.

*Supplements and Amendments:* The Company is authorized to make amendments to the Rights Plan to correct any typographical error or subject to subsequent ratification by shareholders or Rights holders, to maintain the validity of the Rights Plan as a result of changes in law, or at the request of the Exchange. The Company will issue a news release relating to any significant amendment made to the Rights Plan prior to the Meeting and will advise the shareholders of any such amendment at the Meeting. Other amendments or supplements to the Rights Plan may be made with the prior approval of shareholders or Rights holders and, if necessary, any stock exchange on which the Shares may be listed.

*Grandfathered Persons:* Holders of 20% or more of the Shares at the time when the Rights were distributed are recognized for the purposes of the Rights Plan as “grandfathered persons” and, as such, do not constitute Acquiring Persons under the Rights Plan by virtue of their shareholding exceeding the 20% Flip-in Event threshold.

#### ***Certain Canadian Federal Income Tax Considerations of the Rights Plan***

The Company will not recognize any income for the purposes of the *Income Tax Act* (Canada) (the “ITA”) as a result of the issuance of the Rights. The ITA provides that the value of a right to acquire additional shares of a corporation is not a taxable benefit which must be included in computing income, and is not subject to non-resident withholding tax if the right is conferred on all holders of shares of the corporation. Although the Rights are to be so conferred, the Rights could become void in the hands of certain holders of Shares upon certain triggering events occurring (i.e. a “Flip-in Event”), and, consequently, whether or not the issuance of the Rights is a taxable event is not entirely free from doubt. In any event, no amount must be included in computing income if the Rights do not have a monetary value at the date of issue. The Company considers that the Rights, when issued, will have negligible monetary value, there being only a remote possibility that the Rights will ever be exercised. A holder of Rights may have income or be subject to withholding tax under the ITA if the Rights become exercisable or are exercised. A holder of Rights may be subject to tax in respect of the proceeds of disposition of Rights or common shares issued upon the exercise of Rights.

**This statement is of a general nature only and is not intended to constitute nor should it be construed to constitute legal or tax advice to any particular holder of Shares. Shareholders are advised to consult their own tax advisors regarding the consequences of acquiring, holding, exercising or otherwise disposing of their Rights, taking into account their own particular circumstances and any applicable foreign, provincial or territorial legislation.**

#### ***Shareholder Approval***

The Company is seeking shareholder confirmation of the Rights Plan at the Meeting by way of ordinary resolution. The Company has determined that there are no grandfathered persons and, therefore, all shareholders are entitled to vote on the resolution confirming the Rights Plan.

### ***Recommendation of the Board***

The Board has determined that the continuation of the Rights Plan is in the best interests of the Company and the shareholders. The Board unanimously recommends that shareholders vote in favour of the resolution confirming the Rights Plan.

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

**“IT IS RESOLVED THAT:**

1. The shareholder rights plan (the “**Rights Plan**”) evidenced by the shareholder rights plan agreement between Cosigo Resources Ltd. (the “**Company**”) and Computershare Investor Services Inc. (the “**Rights Agent**”), dated October 28, 2011, and the issuance of rights issued pursuant to the Rights Plan, all as more particularly described in the Information Circular of the Company for the Annual General and Special Meeting to be held on June 26, 2014, are hereby authorized, ratified, confirmed and approved.
2. Any one or more of the directors of the Company are hereby authorized and directed to execute and deliver all such documents and to do or cause to be done all such other acts and things as they may deem necessary or desirable to give effect to or carry out the intention of this resolution.”

The Company has been advised that the directors and senior officers of the Company intend to vote all shares held by them in favour of the resolution the Rights Plan.

### **General Matters**

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

### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com) or at the Company’s web site at [www.cosigo.com](http://www.cosigo.com). Financial information about the Company is provided in the Company’s comparative annual financial statements to December 31, 2013, a copy of which, together with Management’s Discussion and Analysis thereon, can be found on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com). Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company, at 604-515-5970.

**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 22<sup>nd</sup> day of May, 2014.

**ON BEHALF OF THE BOARD**

*(signed) "Dennis W. Milburn"*

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Dennis W. Milburn,  
Chief Executive Officer and President

## COSIGO RESOURCES LTD.

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### Schedule "A" Audit Committee Charter

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The Audit Committee is appointed by the Board of Directors (the "Board") to oversee the accounting and financial reporting process and financial statement audits.

The Audit Committee will:

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

- (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters,
- (i) pre-approve all non-audit services to be provided to the Company or its branches and subsidiary entities by the Company's external auditor,
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company,
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the President and CEO and the CFO to comply with Multilateral Instrument 52-109,
- (l) review and recommend to the Board any changes to accounting policies;
- (m) review the opportunities and risks inherent in the Company's financial management and the effectiveness of the controls thereon; and
- (n) review major transactions (acquisitions, divestitures and funding).

### **Composition of the Committee**

The committee will be composed of at least three directors from the Company's Board the majority of whom will be independent. Independence of the Board members will be as defined by applicable legislation. Directors must act with a view to the best interests of the Company. All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy. At least one member shall have expertise in financial reporting.

### **Authority**

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors. The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

### **Reporting**

The reporting obligations of the committee will include:

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

## **Meetings**

The committee will meet at least once during each fiscal year. All committee members are expected to attend each meeting in person, by telephone or by video conference. Minutes of the meeting are to be recorded.

*Adopted by the Board of Directors and made effective July 15, 2011*