



## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

**TAKE NOTICE** that an Annual General Meeting (the “Meeting”) of the Shareholders of **Northern Empire Resources Corp.** (the “Company”) will be held in the Boardroom of Owen Bird Law Corporation, 29<sup>th</sup> Floor, 595 Burrard Street, Vancouver, B.C. V7X 1J5 on Friday, September 30, 2016, at 10:00 o’clock in the forenoon (Pacific time) for the following purposes:

1. To receive the Audited Financial Statements of the Company for the fiscal years ended March 31, 2016 and 2015 together with the Auditor's Reports thereon.
2. To re-appoint the Auditor for the ensuing year at a remuneration to be fixed by the Directors.
3. To elect Directors for the ensuing year.
4. To ratify and renew the Company’s Stock Option Plan.
5. To transact such other business as may be brought before the Meeting.

**A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. If you are unable to attend the Meeting in person, please read the Notes accompanying the Instrument of Proxy enclosed and then complete and return the Proxy within the time set out in the Notes. As set out in the Notes, the enclosed Instrument of Proxy is solicited by Management, but you may amend it, if you so desire, by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the Meeting.**

**DATED** at Vancouver, British Columbia, this 19<sup>th</sup> day of August, 2016.

**BY ORDER OF THE BOARD**

*“Michael G. Allen”*

Chief Executive Officer, President

*These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the Request for Voting Instructions.*





## INFORMATION CIRCULAR

### FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON FRIDAY, SEPTEMBER 30, 2016

This information is given as of August 19, 2016 unless otherwise noted.

#### SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of **NORTHERN EMPIRE RESOURCES CORP.** (the “Company”) for use at the Annual General Meeting (the “Meeting”) of the shareholders of the Company, to be held on Friday, September 30, 2016 at the time and location and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.

#### PERSONS OR COMPANIES MAKING THE SOLICITATION

**The enclosed form of Proxy is solicited by Management.** Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders’ nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the Proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by Management as set forth in this Information Circular.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of Proxy are directors or officers of the Company. **A shareholder has the right to appoint a person to attend and act for him on his behalf at the Meeting other than the persons named in the enclosed form of Proxy. To exercise this right, a shareholder shall strike out the names of the persons named in the Proxy and insert the name of his nominee in the blank space provided, or complete another Proxy. The completed Proxy should be deposited with the Company’s Registrar and Transfer Agent, TSX Trust Company, of 200 University Avenue, Suite 300, Toronto, ON M5H 4H1 at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays and holidays.**

The Proxy must be dated and be signed by the shareholder or by his attorney in writing, or if the shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

**In addition to revocation in any other manner permitted by law, a shareholder may revoke a Proxy either by (a) signing a Proxy bearing a later date and depositing it at the place and within the time aforesaid, or (b) signing and dating a written notice of revocation (in the same manner as the Proxy is required to be executed as set out in the notes to the Proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day**

of any adjournment thereof, or (c) registering with the scrutineer at the Meeting as a shareholder present in person, whereupon such Proxy shall be deemed to have been revoked.

### NON-REGISTERED HOLDERS OF COMPANY'S SHARES

**Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the common shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the common shares.** More particularly, a person is not a Registered Shareholder in respect of common shares which are held on behalf of that person (the "Non-Registered Holder") but which are registered either: (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency of which the Intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration for the Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms).

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

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has elected to send the Notice of Meeting, this Information Circular and the Proxy (collectively, the "Meeting Materials") directly to the NOBO's, and indirectly through Intermediaries to the OBO's. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them.

Meeting Materials sent to Non-Registered Holders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a "VIF"). This form is instead of a proxy. By returning the VIF in accordance with the instructions noted on it a Non-Registered Holder is able to instruct the Registered Shareholder how to vote on behalf of the Non-Registered Shareholder. VIF's, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the common shares which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder or his/her nominee the right to attend and vote at the Meeting. **Non-Registered Holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.**

All references to shareholders in this Information Circular and the accompanying form of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

### VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed form of Proxy will vote the shares in respect of which they are appointed and, where directions are given by the shareholder in respect of voting for or against any resolution will do so in accordance with such direction.

**In the absence of any direction in the Proxy, it is intended that such shares will be voted in favour of the motions proposed to be made at the Meeting as stated under the headings in this Information Circular.** The form of Proxy enclosed, when properly signed, confers discretionary authority with respect to

amendments or variations to any matters, which may properly be brought before the Meeting. At the time of printing of this Information Circular, Management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters, which are not now known to the Management, should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

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

Other than as disclosed elsewhere in this Information Circular, none of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or senior officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, save and except for those matters pertaining to incentive stock options.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of common shares without par value. On August 19, 2016, the record date of the Meeting, 32,431,596 common shares were issued and outstanding, each share carrying the right to one vote. At a general meeting of the Company, on a show of hands, every shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each share of which he is the holder.

Only shareholders of record on the close of business on the record date, who either personally attend the Meeting or who complete and deliver a Proxy in the manner and subject to the provisions set out under the heading "Appointment and Revocation of Proxies" will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

To the knowledge of the directors and senior officers of the Company, no person or company beneficially owns, directly or indirectly or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company.

The above information was provided by management of the Company and the Company's registrar and transfer agent as of the record date.

### **CORPORATE MATTERS**

The Company announced the appointment of Michael G. Allen as CEO, President and a director (replacing James R. Paterson as President and CEO); and the appointment of Jeffrey R. Sundar as a director on June 13, 2016. The Company continues to advance its Richardson Gold Property in Alaska and to seek new acquisition opportunities. On July 5, 2016, the Company announced it had closed a non-brokered private placement for gross proceeds of \$1,357,994.55 by issuing 9,053,297 units at a price of \$0.15 per unit. On July 11, 2016, the Company announced commencement of a phase 1 exploration program on its Richardson Gold Property.

Please refer to the Company's news releases and financial statements filed on SEDAR for further details relating to the Company.

### **STATEMENT OF EXECUTIVE COMPENSATION**

In this section "Named Executive Officer" or "NEO" means: (a) the CEO; (b) the CFO; (c) the most highly compensated executive officers other than the individuals identified in paragraphs (a) and (b), whose total compensation was more than C\$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*, and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity as at March 31, 2016. During the fiscal year ended March 31, 2016, the Company had three Named

Executive Officers (“NEOs”): Adrian W. Fleming, former CEO (resigned as CEO on June 9, 2015); James R. Paterson, former CEO (appointed as CEO in place of Adrian W. Fleming on June 9, 2015); and Vivien Chuang (CFO). Subsequent to the Company’s year ended March 31, 2016, James R. Paterson resigned as CEO on June 13, 2016 and was replaced by Michael G. Allen as CEO. As of the record date of the Meeting, the Company had two NEOs – Michael G. Allen (CEO) and Vivien Chuang (CFO).

*All dollar amounts referenced herein are in Canadian dollars unless otherwise specified.*

### Compensation Discussion and Analysis

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy.

The Company’s *Compensation Committee* is presently comprised of James R. Paterson (Chair) (since June 13, 2016), Darryl S. Cardey, and Jeffrey R. Sundar. The Compensation Committee has overall responsibility for recommending levels of executive compensation that are competitive and motivating in order to attract, hold and inspire the CEO, CFO other senior officers and key employees and for recommending compensation for directors.

During the year ended March 31, 2016, the Company paid an aggregate of \$184,500 with respect to the following fees and expenses with key management personnel and related parties:

- (a) paid \$12,000 to RockWorks NZ Ltd., a private company owned by Adrian W. Fleming (director) in director’s fees;
- (b) paid CDM Capital Partners Inc., a B.C. private company partially owned by Darryl S. Cardey (Secretary, director), \$42,000 for accounting and CFO fees, \$5,500 for office and administration fees, \$24,000 in rent, and \$12,000 relating to consulting, management and director’s fees;
- (c) paid John E. Robins (Chairman, director) \$30,000 relating to consulting, management and director’s fees and \$4,000 for exploration and evaluation expenditures;
- (d) paid James R. Paterson \$45,000 for consulting, management and director’s fees; and
- (e) paid Douglas N. Hurst \$10,000 in director’s fees.

### Summary of Compensation

The following table sets forth all annual and long-term compensation for services paid to or earned by the NEOs and the directors for the two fiscal years ended March 31, 2015 and 2016:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer, commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Adrian W. Fleming</b> <i>VP Explorations, Director; former CEO</i>	2015	39,000	nil	nil	nil	nil	39,000
	2016	12,000	nil	nil	nil	nil	12,000
<b>James R. Paterson</b> <i>Director, Former CEO,</i>	2015	23,000	nil	nil	nil	nil	23,000
	2016	45,000	nil	nil	nil	nil	45,000
<b>Adam R. Kniec</b> <i>Former CFO</i>	2015	3,000	nil	nil	nil	nil	3,000
	2016	n/a	n/a	n/a	n/a	n/a	n/a

<b>Vivien Chuang</b> <i>CFO</i>	2015 2016	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil
<b>John E. Robins</b> <i>Chairman, Director</i>	2015 2016	3,000 30,000	nil nil	nil nil	nil nil	nil 4,000	3,000 34,000
<b>Darryl S. Cardey</b> <i>Secretary, Director</i>	2015 2016	12,000 30,000	nil nil	nil nil	nil nil	nil nil	12,000 30,000
<b>Douglas N. Hurst</b> <i>Director</i>	2015 2016	nil 10,000	nil nil	nil nil	nil nil	nil nil	nil 10,000
<b>Jeffrey R. Sundar</b> <i>(former VP Corporate Development)</i>	2015 2016	nil nil	nil nil	nil nil	nil nil	nil nil	nil nil

No compensation securities were granted or issued to any NEO or director by the Company in the most recently completed financial year ending March 31, 2016.

There were no exercises by any director or NEO of compensation securities during the most recently completed financial year ending March 31, 2016.

#### **Stock Option Plans and Other Incentive Plans**

The only stock option plan or other incentive plan the Company currently has in place is a 10% “rolling” stock option plan (the “Plan”). The underlying purpose of the Plan is to attract and motivate the directors, officers, employees and consultants of the Company and to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Plan.

The material terms of the Plan are as follows:

1. The aggregate maximum number of options which may be granted under the Plan at any one time is 10% of the number of common shares the Company has outstanding at the time of grant.
2. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of ten years.
3. The exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion, but shall not be less than the closing price of the Company’s common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the TSXV to a minimum of \$0.05 per share.
4. No vesting requirements will apply to options granted thereunder, save for options granted to an employee performing investor relations activities for the Company.
5. All options will be non-assignable and non-transferable.
6. No more than (i) 5% of the issued shares may be granted to any one individual in any 12 month period; and (ii) no more that 2% of the issued shares may be granted to a consultant, or an employee performing investor relations activities, in any 12 month period.
7. If the option holder ceases to be a director of the Company (other than by reason of death), then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director of the Company, subject to the terms and conditions set out in the Plan. If the option holder is engaged in investor relations activities or ceases to be an employee, consultant or management company employee of the Company (other than by reason of death), then the option granted shall expire on no later than the 30th day following the date that the option holder ceases to be employed or contracted by the Company, subject to the terms and conditions set out in the Plan.

8. Disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders, within a 12 month period, exceeding 10% of the Company's issued shares; and (iii) any grant of options to any one individual, within a 12 month period, exceeding 5% of the Company's issued shares.
9. Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.

TSXV policies require an incentive stock option plan to be approved annually at its general shareholders' meeting. The Plan was last approved by shareholders at the Company's annual general meeting held March 23, 2015.

As of the end of the most recently completed fiscal year on March 31, 2016 there were 65,000 options outstanding expiring July 25, 2016 (all of which subsequently expired unexercised). The Company did not grant any stock options during its fiscal year ended March 31, 2016. Subsequent thereto, on July 10, 2016, the Company granted 2,825,000 options, exercisable at a price of \$0.18 per share until July 10, 2019, and vesting over a period of 24 months. As at the record date, there were 2,825,000 options outstanding.

The Company has no other plan providing for the grant of stock appreciation rights, deferred share units or restricted stock units or any other incentive plan or portion of a plan under which awards are granted.

### **Employment, Consulting and Management Agreements**

There were no agreements or arrangements in place under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company that were:

- (a) performed by a director or named executive officer, or
- (b) performed by any other party but are services typically provided by a director or a named executive officer,

other than the grant of options under the Plan, and the reimbursement of expenses any director or NEO may have incurred on behalf of the Company.

In particular, there were no agreements or arrangement containing provisions with respect to change of control, severance, termination or constructive dismissal.

### **Oversight and Description of Director and Named Executive Officer Compensation**

The Company does not have any share-based awards, long-term incentive plans and, save as disclosed above, no remuneration payments were made, directly or indirectly, by the Company to its directors or Named Executive Officers during the fiscal year ended March 31, 2016.

### **Pension disclosure**

The Company does not provide any form of pension to any of its directors or Named Executive Officers.

### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

None of the directors or senior officers of the Company or any associates or affiliates of the Company are or have been indebted to the Company at any time since the beginning of the last completed financial year of the Company.

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

To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company, or any associate or affiliate of an informed person or proposed director, has or had any material

interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries other than as set out herein. The term "informed person" as defined in National Instrument 51-102 *Continuous Disclosure Obligations* means a director or executive officer of the Company, or any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution.

## **MANAGEMENT CONTRACTS**

Management functions of the Company are generally performed by directors and senior officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

## **AUDIT COMMITTEE**

Pursuant to the provisions of section 224 of the *Business Corporations Act* of British Columbia, the policies of the TSXV, and National Instrument 52-110 *Audit Committees* ("NI 52-110"), the Company is required to have an Audit Committee comprised of at least three directors, the majority of which must not be officers or employees of the Company.

The Company must also, pursuant to the provisions of NI 52-110 have a written charter, which sets out the duties and responsibilities of its audit committee. In providing the following disclosure, the Company is relying on the exemption provided under NI 52-110, which allows for the short form disclosure of the audit committee procedures of venture issuers.

### **Audit Committee's Charter**

#### *Mandate*

The primary function of the audit committee (the "Committee") is to assist the board of directors (the "Board") in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting, and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control systems and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board.

#### *Composition*

The Committee is to be comprised of such number of directors as determined by the Board, the majority of whom must be free from any relationship that, in the opinion of the Board, would reasonably interfere with the exercise of his or her independent judgment as a member of the Committee. At least one member of the Committee should have accounting or related financial management expertise. All members of the Committee that are not financially literate must work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee's Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Company's financial statements. The members of the Committee shall be elected by the Board at its first meeting following the annual shareholders' meeting.

### *Meetings*

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

#### Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
- (c) Confirm that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

#### External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Company, consistent with the Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each yearly audit meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

- (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of fees paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
- (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
- (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee. Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

#### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

*Other* Review any related-party transactions.

#### **Composition of the Audit Committee**

The following are the current members of the Company's Audit Committee:

Darryl S. Cardey (Chair)	Independent <sup>1</sup>	Financially literate <sup>1</sup>
Douglas N. Hurst <sup>2</sup>	Independent <sup>1</sup>	Financially literate <sup>1</sup>
Jeffrey R. Sundar <sup>2</sup>	Not Independent <sup>1</sup>	Financially literate <sup>1</sup>

<sup>1</sup> As defined by NI 52-110.

<sup>2</sup> Douglas N. Hurst and Jeffrey R. Sundar replaced Adrian W. Fleming and John E. Robins as members of the Audit Committee on June 13, 2016.

## **Relevant Education and Experience**

All of the Audit Committee members are businessmen with experience in financial matters, each has an understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, internal controls and procedures necessary for financial reporting, which has been garnered from working in their individual fields of endeavor.

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

### ***Darryl S. Cardey:***

Mr. Cardey holds a Chartered Accountant designation from the Institute of Chartered Accountants, British Columbia. Over the past 15 years, Mr. Cardey has acted as a director or in a senior financial role with a wide variety of private and public companies in the oil and gas, mining and technology sectors.

### ***Douglas N. Hurst:***

Mr. Hurst has a Bachelor of Science degree in geology from McMaster University in Ontario. Mr. Hurst has over 20 years of experience in the mining industry having acted as a mining analyst since 1987 and as a contract geologist. He worked with McDermid St. Lawrence (as it was then called) and Sprott Securities Inc. between 1987 and 1995 on a variety of assignments where he provided corporate advice within the mining industry, assisted companies and dealers with due diligence, research and corporate finance duties. Mr. Hurst has also been a director of three mining companies.

### ***Jeffrey R. Sundar:***

Mr. Sundar has over fifteen years of experience in the capital markets and mineral exploration sector, primarily responsible for corporate development and financing activities. Mr. Sundar is financially literate and familiar with public company financial statements and the accounting principles used in reading and preparing financial statements.

## **Audit Committee Oversight**

At no time since the commencement of the Company's most recent completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

## **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

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

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

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

The aggregate fees billed by the Company's external auditor for the fiscal periods ended March 31, 2016 and 2015 are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees <sup>1</sup>	Tax Fees <sup>2</sup>	All Other Fees <sup>3</sup>
March 31, 2016	\$19,380	Nil	\$1,900	Nil
March 31, 2015	\$20,330	Nil	\$1,975	Nil

<sup>1</sup> Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".

<sup>2</sup> Fees charged for tax compliance, tax advice and tax planning services.

<sup>3</sup> Fees for services other than disclosed in any other column.

## CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") the Company is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

### Board of Directors

The Board is currently composed of seven directors - Messrs. Michael G. Allen (CEO, President), Adrian W. Fleming, Darryl S. Cardey (Secretary), John E. Robins (Chairman), James R. Paterson, Douglas N. Hurst and Jeffrey R. Sundar. All of the proposed nominees are current directors of the Company.

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NP 58-101 suggests that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. Of the proposed nominees of the Company, Douglas N. Hurst and Darryl S. Cardey are considered by the Board to be "independent" within the meaning of NI 58-101 and Michael G. Allen (CEO, President since June 13, 2016), Adrian W. Fleming (Former CEO until June 9, 2015), John E. Robins (Chairman), James R. Paterson (Former CEO, President until June 13, 2016) and Jeffrey R. Sundar (former VP Corporate Development) are considered to be "non-independent".

Board consideration and approval is required for all material contracts, business transactions and all debt and equity financing proposals. The Board delegates to management, through the CEO, responsibility for meeting defined corporate objectives, evaluating new business opportunities and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives.

The Board anticipates that as the Company matures as a business enterprise, it will identify additional qualified candidates that have experience relevant to the Company's needs, who are independent of management applying the guidelines contained in applicable legislation.

## Directorships

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

Director	Other Reporting Issuer(s)
Adrian W. Fleming	Gonzaga Resources Ltd. (TSXV) Genesis Metals Corp. (TSXV) Alianza Minerals Ltd. (TSXV) Precipitate Gold Corp. (TSXV) Highland Copper Company Inc. (TSXV) Aftermath Silver Corp. (TSXV)
Darryl S. Cardey	TrackX Holdings Inc. (TSXV) Cairo Resources Inc. (NEX) Millrock Resources Inc. (TSXV) Woodrose Corporation (TSXV) Bee Vectoring Technologies International Inc. (TSXV) Precipitate Gold Corp. (TSXV)
John E. Robins	Bluestone Resources Inc. (TSX.V) Kivalliq Energy Corporation (TSX.V) Matador Exploration Inc. (TSX.V) West Melville Metals Inc. (TSX.V)
James R. Paterson	Bluestone Resources Inc. (TSX.V) Kivalliq Energy Corporation (TSX.V)
Douglas N. Hurst	Greatbanks Resources Ltd. (TSX.V)
Jeffrey R. Sundar	Genesis Metals Corp. (TSX.V) Vendetta Mining Corp. (TSX.V)

## Orientation and Continuing Education

Each new director is given an outline of the nature of the Company's business, its corporate strategy, and current issues within the Company. New directors are also required to meet with management of the Company to discuss and better understand the Company's business and are given the opportunity to meet with counsel to the Company to discuss their legal obligations as directors of the Company.

In addition, management of the Company takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies that may affect the directors, officers and committee members of the Company as a whole. The Company continually reviews the latest securities rules and policies and is on the mailing list of the TSX.V to receive updates to any of those policies. Any such changes or new requirements are then brought to the attention of the Company's directors either by way of director or committee meetings or by direct communications from management to the directors.

## Ethical Business Conduct

The Board has not adopted a written Code of Ethical Conduct for its directors, officers and employees at this time. The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates in the best interests of the Company and its shareholders.

Some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities. As such, the Board must comply with the conflict of interest provisions of the British Columbia *Business Corporations Act*, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

### **Nomination of Directors and Assessment**

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions. The Company conducts the due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve. As the Company progresses as a business enterprise, the Board will consider its size on an annual basis when it considers the number of directors to recommend to shareholders for election at annual general meetings, taking into account the number required to carry out the Board's duties effectively and to maintain diversity of view and experience.

### **Board Committees**

The Company has established five committees:

1. ***Audit Committee*** comprising of Darryl S. Cardey (Chair), Douglas N. Hurst and Jeffrey R. Sundar;
2. ***Compensation Committee*** comprising of James Paterson (Chair), Darryl S. Cardey and Jeffrey R. Sundar;
3. ***Corporate Governance Committee*** comprising of John E. Robins, Darryl S. Cardey and Adrian W. Fleming;
4. ***Corporate Disclosure Committee*** comprising of John E. Robins, Darryl S. Cardey and Adrian W. Fleming; and
5. ***Commercial/Technical Advisory Committee*** comprising of John E. Robins, Adrian W. Fleming, Douglas N. Hurst (all directors of the Company) and James Dawson and Dale Wallster (non-directors of the Company) (established May 25, 2015).

Neither the Company nor the Board has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Company has established a policy which sets out the criteria for permitting the disclosure of information about the Company to the public, ensuring that non-publicly disclosed information remains confidential, and ensuring that trading of the Company's securities by directors, officers and employees remains in compliance with applicable securities laws. The policy also provides a procedure to facilitate the receipt, retention, review and resolution of complaints, denunciations and warnings given in any form by any employee or former employee of the Company regarding a questionable event.

The Company feels its corporate disclosure practices are appropriate and effective for the Company for the stage of its operations. The Company's method of corporate governance allows for the Company to operate efficiently with simple checks and balances that control and monitor management and corporate functions without excessive administrative burden.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### A. Election of Directors

Although Management is nominating seven (7) individuals to stand for election, the names of further nominees for directors may come from the floor at the Meeting.

Each director of the Company is elected annually and holds office until the next Annual General Meeting of the shareholders unless that person ceases to be a director before then. In the absence of instructions to the contrary, the shares represented by Proxy will, on a poll, be voted for the nominees herein listed. **Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations or employments during the past five years if such nominee is not presently an elected director 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 Information Circular:

Name and Residence of Proposed Directors and Present Offices Held	Date Elected or Appointed	Principal Occupation	Number of Shares <sup>1</sup>
<b>MICHAEL G. ALLEN</b> British Columbia, Canada <i>CEO, President, Director</i>	June 13, 2016	President and CEO of the Company. Professional Geologist.	266,500
<b>ADRIAN W. FLEMING</b> <sup>4,5,6</sup> Remeura, New Zealand <i>Director</i>	April 24, 2012	Professional Geologist. CEO of the Company until June 9, 2015; a Director of the Company (since April 24, 2012). Director of a number of other TSX.V companies.	162,441
<b>DARRYL S. CARDEY</b> <sup>2,3,4,5</sup> British Columbia, Canada <i>Secretary, Director</i>	Secretary: June 30/14 Director: April 24/12	President of Cardey Management Corp., a private venture capital company, since October, 2000. A Director and principal of CDM Capital Partners Inc., a private venture capital company, since April, 2011.	20,614 <sup>7</sup>
<b>JOHN E. ROBINS</b> <sup>4,5,6</sup> British Columbia, Canada <i>Chairman, Director</i>	December 11, 2014	Professional Geologist. Chairman and director of Kivalliq Energy Corporation since July, 2008; Chairman and Director of West Melville Metals Inc. since May, 2012; Former Director of Kaminak Gold Corporation; Chairman and Director of Bluestone Resources Inc. since May, 2008 and CEO since December 2013, all TSX.V companies.	3,416,666 <sup>8</sup>
<b>JAMES R. PATERSON</b> <sup>3</sup> South Carolina, U.S.A. <i>Director</i>	December 11, 2014	CEO (since 2010) and director (since July, 2008) of Kivalliq Energy Corporation. Director of Bluestone Resources Inc. since February, 2011, West Melville Metals Inc. (since May, 2012) and Former Director of Kaminak Gold Corporation, all TSX.V companies.	1,562,000
<b>DOUGLAS N. HURST</b> <sup>2,6</sup> British Columbia, Canada <i>Director</i>	June 9, 2015	Obtained B.Sc. Geology from McMaster University in 1986. Has over 25 years' experience in the mining/resource industries having acted as geologist, consultant, mining analyst and senior executive within the	170,000

Name and Residence of Proposed Directors and Present Offices Held	Date Elected or Appointed	Principal Occupation	Number of Shares <sup>1</sup>
		brokerage community and for various resource companies.	
<b>JEFFREY R. SUNDAR<sup>2,3</sup></b> British Columbia, Canada <i>Director</i>	June 13, 2016	President of Genesis Metals Corp. since April 2010. Director of the Company since June 2016.	598,000

<sup>1</sup> Information as to voting shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective nominees individually. These figures are stated on a post-consolidated basis.

<sup>2</sup> Member of Audit Committee.

<sup>3</sup> Member of the Compensation Committee.

<sup>4</sup> Member of the Corporate Governance Committee.

<sup>5</sup> Member of the Corporate Disclosure Committee.

<sup>6</sup> Member of the Commercial/Technical Advisory Committee.

<sup>7</sup> Held by Cardey Management Corp., a B.C. private company owned by Darryl S. Cardey.

<sup>8</sup> 2,150,000 shares held by Chilcotin Capital Corp., and 1,266,666 shares held by Northern Empire Minerals Inc., both private companies owned by John E. Robins.

No proposed director:

- (a) is, at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity,
- (i) was the subject of a cease trade 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;
  - (ii) was the subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade 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
  - (iii) 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;

except that John E. Robins, was a director of CNR Capital Corporation (“CNR”) which was the subject of a cease-trade order issued by the Ontario Securities Commission (“OSC”) on July 20, 2007 and by the British Columbia Securities Commission (“BCSC”) on July 11, 2007 for failure to file annual financial statements. The cease trade orders were revoked first by the OSC on September 14, 2007 and then by the BCSC on September 17, 2007 with the filing of the required financial statements. Mr. Robins resigned as a director of CNR on June 28, 2008.

- (b) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

In addition, no proposed director has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a

securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulating authority that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The directors and senior officers of the Company (including Vivien Chuang, CFO, holding no shares) as a group beneficially own, directly or indirectly, an aggregate of approximately 6,196,221 common shares, which collectively represent approximately 19% of the total votes attached to the issued and outstanding shares of the Company.

All of the proposed nominees, with the exception of Adrian W. Fleming, reside in Canada.

## **B. Appointment of Auditor**

The persons named in the enclosed form of Proxy will vote for the reappointment of Davidson & Company LLP, Chartered Accountants, of Suite 1200, 609 Dunsmuir Street, Vancouver, B.C. V7Y 1G6, as auditor of the Company for the ensuing year, until the close of the next annual general meeting of the members, at a remuneration to be fixed by the directors.

## **C. Ratification of Stock Option Plan**

The Company presently has in place a “rolling” stock option plan (the “Plan”) whereby the Company is authorized to grant stock options of up to 10% of its issued and outstanding shares, from time to time. The TSX.V requires listed companies who have “rolling” stock option plans to receive shareholder approval to such Plan on a yearly basis at the Company’s annual general meeting. As such, the directors wish to have the Shareholders ratify and approve the Plan.

The material terms of the Plan are set out above under the heading “Statement of Executive Compensation – Stock Option Plans”.

The Plan is subject to receipt of TSX.V acceptance to its filing. Shareholders will be asked to consider, and if thought fit to approve a resolution ratifying and approving the Company’s Plan.

Reference should be made to the full text of the Plan, a copy of which will be made available at the offices of Owen Bird Law Corporation, 29<sup>th</sup> Floor, 595 Burrard Street, Vancouver, B.C. V7X 1J5, until the business day immediately preceding the date of the Meeting.

## **OTHER MATTERS**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting the shares represented by the Instrument of Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available under the Company’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Company’s audited financial statements and management discussion and analysis (“MD&A”) for the fiscal period ended March 31, 2016 are available for review under the Company’s profile on SEDAR. Shareholders that wish to receive a copy of the Company’s financial statements and MD&A may do so by signing the enclosed financial statement request form and returning it to TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1.

**APPROVAL**

The contents of this Information Circular and the sending thereof to the shareholders of the Company have been approved by the Board of Directors.

**DATED** at Vancouver, British Columbia, the 19<sup>th</sup> day of August, 2016.

**BY ORDER OF THE BOARD**

*“Michael G. Allen”*

*Chief Executive Officer, President*

