



**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**Meeting to be Held on  
January 14, 2019**

**BESRA GOLD INC.**  
Level 1, 63 Fort Street  
Auckland, New Zealand 1010

**Besra Gold Inc.**  
**Level 1, 63 Fort Street**  
**Auckland, New Zealand 1010**  
**(011) 64-222-2610**

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

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of the shareholders (the “**Shareholders**”) of Besra Gold Inc. (hereinafter called the “**Company**”) will be held at the offices of Besra Gold Inc., Level 1, 63 Fort Street, Auckland, New Zealand 1010, Auckland, New Zealand, on Monday, the 14<sup>th</sup> day of January 2019 at the hour of 9:00 in the morning (Auckland time), for the following purposes:

**Receive the Audited Consolidated Financial Statements of the Company**

1. To receive the audited consolidated financial statements of the Company for the fiscal years ended June 30, 2017 and 2018 together with the report of the auditors thereon;

**Election of the Board of Directors**

2. To elect the board of directors of the Company;

**Appointment of auditors**

3. To consider and, if thought fit, pass an ordinary resolution to appoint Grant Thornton New Zealand Audit Partnership, Chartered Accountants as the auditors of the Company and to authorize the directors to fix their remuneration;

**Share Consolidation**

4. To consider and, if thought advisable, to pass, with or without variation, a special resolution in the form set forth in the accompanying management information circular (the “Circular”) authorizing an amendment to the Company’s Articles to consolidate (the “Consolidation”) the Company’s issued and outstanding Common Shares on the basis of one post-Consolidation share for every one hundred (100) pre-Consolidation shares or such lesser Consolidation ratio as the board of directors of the Company may approve; and

**Any other business**

5. To transact such further or other business including, without limitation, such amendments or variations to any of the foregoing resolutions, as may properly come before the Meeting and any adjournments thereof.

Accompanying this Notice are a Management Information Circular, a form of Proxy and a Financial Statement Request Form. The accompanying Management Information Circular provides information relating to the matters to be addressed at the meeting and is incorporated into this Notice.

Shareholders are entitled to vote at the meeting either in person or by proxy. Those who are unable to attend the meeting are requested to read, complete, sign and mail the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Management Information Circular accompanying this Notice. Please advise the Company of any change in your mailing address.

**ATTENDANCE AND VOTING AT MEETING OF SHAREHOLDERS**

Every director and the auditor of the Company are entitled to receive notice of and attend the Meeting of Shareholders. Every shareholder of record of the Company is entitled to receive notice of, attend and vote at the Meeting of Shareholders.

DATED at Toronto, Ontario, this 10<sup>th</sup> day of December, 2018

**BY ORDER OF THE BOARD OF DIRECTORS**

*“John Seton”*

*John A. G. Seton*  
*Chief Executive Officer & Director*

**Besra Gold Inc.  
Level 1, 63 Fort Street  
Auckland, New Zealand 1010**

**MANAGEMENT INFORMATION CIRCULAR**  
**(Containing information as at December 10, 2018 unless indicated otherwise)**

**SOLICITATION OF PROXIES**

This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Besra Gold Inc. (the "**Company**") for use at the Annual and Special Meeting of holders (the "**Shareholders**") of common shares (the "**Shares**") of the Company (and any adjournment thereof) to be held on Monday, January 14, 2019 (the "**Meeting**") at the time and place and for the purposes set forth in the accompanying Notice of Meeting.

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and regular employees of the Company at nominal cost. All costs of solicitation by management will be borne by the Company.

The contents and the sending of this Management Information Circular have been approved by the directors of the Company.

**APPOINTMENT OF PROXYHOLDER**

The individuals named in the accompanying form of proxy are directors and/or officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY. A proxy will not be valid unless the completed form of proxy is received by COMPUTERSHARE INVESTOR SERVICES INC. (the "Transfer Agent"), Proxy Department, 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof. Proxies delivered after that time will not be accepted.**

**Voting by mail or by Internet are the only methods by which a holder may appoint a person as proxyholder other than the Management nominees named on the form of proxy.**

**REVOCAION OF PROXIES**

A Shareholder who has given a proxy may revoke it by an instrument in writing executed by the Shareholder or by his attorney authorized in writing or, where the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, at 67 Yonge Street, Suite 701, Toronto, Ontario Canada M5E 1J8, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

**INFORMATION FOR NON-REGISTERED SHAREHOLDERS**

**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 shares they**

**own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only registered Shareholders may vote at the Meeting.** If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered in such Shareholder’s name on the records of the Company. Such 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 a clearing agency such as CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms) or CHESSE Depository Nominees Pty. Ltd. (“**CDN**”). Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers’ clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

### **Beneficial Shareholders (Other than Holders of CHESSE Depository Interests)**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholders’ 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 Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Company to the registered Shareholders. 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 majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms 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 voting instruction form cannot use that form to vote Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Shares must be communicated to Broadridge) well in advance of the Meeting in order to have the Shares voted.**

This Management Information Circular and accompanying materials are being sent 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 (“**Objecting Beneficial Owners**”, or “**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**”, or “**NOBOs**”). Subject to the provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of Reporting Issuers* – of the Canadian Securities Administrators (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents. Pursuant to NI 54-101, issuers may obtain and use the NOBO list for 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 Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Shares 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.

The Company’s OBOs can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of the Beneficial Shareholder's broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the proxy provided to them 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 this Management Information Circular and the accompanying form of Proxy and Notice of Meeting are to Shareholders of record unless specifically stated otherwise.

### **CHESSE Depository Interest Holders**

A Chess Depository Interest ("**CDI**") is evidence of an indirect ownership in Shares. Holders of CDIs are non-registered or beneficial owners of the underlying Shares. The underlying Shares are registered in the name of CDN. As holders of CDIs are not the legal owners of the underlying Shares, CDN is entitled to vote at meetings of shareholders on the instruction of the registered holder of the CDIs.

As a result, registered holders of CDIs can expect to receive a voting information form (a "**VIF**"), together with the Meeting materials from Computershare Limited ("**Computershare**"), the CDI Registry in Australia. These VIFs are to be completed by holders of CDIs who wish to vote at the Meeting and returned to Computershare in accordance with the instructions contained therein. CDN is required to follow the voting instructions properly received from registered holders of CDIs. If you hold your interest in CDIs through a broker, dealer or other intermediary, you will need to follow the instructions of your intermediary.

A registered holder of a CDI can request CDN to appoint the holder (or a person nominated by the registered holder) as proxy to exercise the votes attaching to the underlying Shares represented by the holders of CDIs. In such case, a holder of a CDI may, as proxy, attend and vote in person at the Meeting.

If you hold your interest in CDIs through a broker, dealer or other intermediary, you will need to follow the instructions of your intermediary and request a form of legal proxy which will grant you the right to attend the Meeting and vote in person.

Registered holders of CDIs that wish to change their vote must in sufficient time in advance of the Meeting contact Computershare to arrange to change their vote. If you hold your interest in CDIs through a broker, dealer or other intermediary, you must in sufficient time in advance of the Meeting, arrange for your intermediary to change its vote through Computershare in accordance with the procedure set out above.

### **VOTING OF PROXIES**

The shares represented by a properly executed proxy in favour of persons proposed by Management as proxyholders in the accompanying form of proxy will:

- (a) be voted for or against or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any ballot that may be taken; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

**ON A POLL SUCH SHARES WILL BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED BY THE SHAREHOLDER.**

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come

before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Management Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Authorized Capital: unlimited common shares without par value  
 Issued and Outstanding: 2,617,699,798 common shares without par value

Only Shareholders of record at the close of business on December 10, 2018, (the “**Record Date**”) who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their shares voted at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a Shareholder or as a representative of one or more corporate Shareholders, or who is holding a proxy on behalf of a Shareholder who is not present at the Meeting, will have one vote, and on a poll every Shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate Shareholders, will have one vote for each Share registered in his or her name on the list of Shareholders, which is available for inspection during normal business hours at Computershare Investor Services Inc. and will be available at the Meeting.

To the knowledge of the directors and senior officers of the Company, the only persons or companies who beneficially own, directly or indirectly or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company are:

Name	No. of Shares	Percentage
Pangaea Holdings Limited Labuan, Malaysia	1,412,806,900 <sup>(1)</sup>	54.0%

Notes:

(1) According to filings effected at www.sedi.ca. These common shares are held by Pangaea Holdings Limited (“**Pangaea**”) subject to a common share escrow agreement dated November 17, 2016 pursuant to which Pangaea has the voting rights in respect of such shares but not economic or other rights in respect thereof, pending conversion into common shares of a convertible note issued to Pangaea in the principal amount of \$10,000,000. Pangaea Holdings Limited is a private investment group formed for the purpose of holding an investment in the Company.

### NOTICE TO HOLDERS OF CHESS DEPOSITORY INTERESTS

The Company was originally incorporated in the Province of Ontario on July 4, 1951 under the name of “Meta Uranium Mines Limited”. The Company’s name was changed to “Metina Developments Inc.” on August 24, 1978. The Company was then continued from the jurisdiction of Ontario into the province of British Columbia under the *Company Act* (British Columbia) under the name “Olympus Holdings Ltd.” on November 5, 1992. The name of the Company was changed to “Olympus Pacific Minerals Inc.” on November 29, 1996 and was continued from the jurisdiction of British Columbia into the Yukon Territory under the *Business Corporations Act* (Yukon) on November 17, 1997. It was then continued from the Yukon Territory on July 13, 2006 and currently exists under and is governed by the laws of Canada, including the *Canada Business Corporations Act* (the “**CBCA**”). The Company filed articles of amendment on November 16, 2012 changing the name of the Company to “Besra Gold Inc.” The Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Cth) dealing with the acquisition of shares. These chapters deal with substantial holdings, takeover bids, compulsory acquisitions, as well as certain rules on

continuous disclosure. The Company is governed by applicable Canadian securities laws and the CBCA with respect to these matters. There are no limitations on the acquisition of securities of the Company under the CBCA. The Company is subject to rules applicable to takeover bid regulation under applicable Canadian securities laws, as well as rules relating to reporting requirements for shareholders holding 10% or more of the securities of the Company, under applicable Canadian securities laws.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. Presentation of Financial Statements

The audited consolidated financial statements of the Company for the fiscal years ended June 30, 2017 and 2018, and the report of the auditors thereon will be placed before the Meeting. Receipt at the Meeting of the audited consolidated financial statements of the Company for the fiscal year ended June 30, 2017 and 2018 will not constitute approval or disapproval of any matters referred to therein. No vote will be taken on the financial statements. These financial statements can be accessed on the Company's website at [www.besra.com](http://www.besra.com) and are also available at [www.sedar.com](http://www.sedar.com).

### 2. Election of the Board of Directors

The Articles of the Company provide that the number of directors shall consist of a minimum of three and a maximum of 15 directors. The Company's By-laws and the CBCA require that at least 25% of the directors of the Company be resident Canadians. The Board is currently composed of four directors, one of whom is a resident Canadian.

It is proposed to nominate the four persons listed below for election as directors of the Company to hold office until the next annual meeting of shareholders or until their successors are elected or appointed pursuant to relevant provisions of the By-laws of the Company or the Company's governing statute. All such proposed nominees are currently directors of the Company.

The following tables and notes thereto set out the names of each person proposed to be nominated by management for election as a director (a "**proposed director**") as well as each continuing director and the director's term of office, the province or city and country in which such director is ordinarily resident, all offices of the Company now held by such director, the director's principal occupation, the period of time for which such director has been a director of the Company, and the number of Shares of the Company beneficially owned by the director, directly or indirectly, or over which the director exercises control or direction, as at the date hereof.

Name, Position and Province or City and Country of Residence <sup>(1)</sup>	Principal Occupation and, If Not at Present an Elected Director, Occupation During the Past 5 Years <sup>(1)</sup>	Previous Service as a Director	Number of Common Shares beneficially owned or directly or indirectly controlled <sup>(2)</sup>
<b>Jocelyn Bennett</b> Director (Chair of the Board) <sup>4,5</sup> Geneva, Switzerland	Director, InCoR, Holdings PLC, a venture capital company and Director, Pangaea Holdings Limited	Since November 17, 2016	1,412,806,900 <sup>(6)</sup>
<b>John A. G. Seton</b> <sup>3</sup> Chief Executive Officer and Director Auckland, New Zealand	Chief Executive Officer of the Company.	Since November 17, 2016	22,621,734
<b>Jon Morda</b> <sup>3,4,5</sup> Director Niagara-on-the-Lake, Canada	Corporate director and chartered accountant.	Since August 16, 2005	1,469,486

Name, Position and Province or City and Country of Residence <sup>(1)</sup>	Principal Occupation and, If Not at Present an Elected Director, Occupation During the Past 5 Years <sup>(1)</sup>	Previous Service as a Director	Number of Common Shares beneficially owned or directly or indirectly controlled <sup>(2)</sup>
<b>John Terry</b> <sup>3,4,5</sup> <b>Director</b> Warminster, United Kingdom	Corporate director. Former Director of Zedex Minerals Limited.	Since February 19, 2018	1,412,806,900 <sup>(6)</sup>

Notes:

- (1) The information as to the province and country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) The information as to shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (3) Denotes member of Corporate Governance and Nominating Committee. John Terry is the Chair of the Corporate Governance and Nominating Committee.
- (4) Denotes member of Compensation and Benefits Committee. Jocelyn Bennet is the Chair of the Compensation and Benefits Committee.
- (5) Denotes member of Audit Committee. Jon Morda is the Chair of the Audit Committee.
- (6) The Common Shares listed for each of Jocelyn Bennett and John Terry are those held by Pangaea, an affiliated entity of each individual.

**UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE ACCOMPANYING PROXY WILL VOTE FOR THE ELECTION OF EACH OF THE NOMINEES NOTED ABOVE UNLESS THE SHAREHOLDER WHO HAS GIVEN SUCH PROXY HAS DIRECTED THAT THE COMMON SHARES REPRESENTED BY SUCH PROXY BE WITHHELD FROM VOTING IN RESPECT OF A NOMINEE.** Management of the Company does not contemplate that any of the nominees will be unable to serve as a director of the Company for the ensuing year, however, if that should occur for any reason at or prior to the Meeting or any adjournment or postponement thereof, the persons named in the enclosed form of proxy have the right to vote the proxy for the election of the remaining nominees and may vote in their discretion for the election of any person or persons in place of any nominees unable to serve.

### 3. Appointment of Auditors

At the Meeting, Shareholders will be asked to approve a resolution appointing Grant Thornton New Zealand Audit Partnership, Chartered Accountants, as auditors of the Company and authorizing the directors to fix their remuneration. Grant Thornton New Zealand Audit Partnership were first appointed auditors of the Company on March 21, 2017.

The Board recommends that Shareholders vote in favour of appointing Grant Thornton New Zealand Audit Partnership, Chartered Accountants, as auditors of the Company and authorizing the directors to fix their remuneration.

**UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE ACCOMPANYING PROXY WILL VOTE FOR THE APPOINTMENT OF GRANT THORNTON NEW NEALAND AUDIT PARTNERSHIP, CHARTERED ACCOUNTANTS, AS AUDITORS OF THE COMPANY AND TO AUTHORIZE THE DIRECTORS TO FIX THEIR REMUNERATION.**

### 4. Share Consolidation

Shareholders will be asked to consider, and, if thought advisable, to pass, with or without variation, a special resolution authorizing the filing of the articles of amendment in order to effect a consolidation (the “**Consolidation**”) of the Shares on the basis of one hundred (100) pre-Consolidation shares for one (1) post-Consolidation Share of the Company or such lesser Consolidation ratio as the Board may approve (the “**Consolidation Ratio**”). No fractional shares will be issued under the Consolidation.

Upon completion of the Consolidation, any resulting shares with the first decimal place being less than five will be cancelled without payment of any consideration, any resulting shares with the first decimal place being five or greater will be rounded up to one whole post-Consolidation share.

Rationale for the Share Consolidation

The Board believes that it is in the best interests of the Company to optimize the share structure of the Company by reducing the number of shares that are outstanding. A consolidation is necessary to meet the minimum listing price on a major exchange. Additionally, a consolidation is practically required to make any re-listing or new listing of the Company acceptable to the participants and investors of a major exchange.

Effects of the Consolidation

The Consolidation will have the following effects on the current share capital of the Company:

- (a) the number of Shares of the Company issued and outstanding will be reduced on the basis of the Consolidation Ratio;
- (b) the number of Shares of the Company issuable upon the conversion or exercise of outstanding warrants, options and other similar instruments of the Company will be reduced proportionately based on the Consolidation Ratio with corresponding adjustments, where applicable, to the exercise or conversion price of such instruments;
- (c) the number of Shares reserved for issuance under the Company's Stock Option Plan will be reduced proportionately based on the Consolidation Ratio.

Share Consolidation Resolution

If the requisite approval of the Shareholders is obtained, the Consolidation will take place as soon as reasonably practicable following the Meeting, subject to the receipt of all necessary regulatory approvals. Notwithstanding the approval by the Shareholders, the Board may, without further shareholder action, revoke the special resolution authorizing the Consolidation and not implement the Consolidation, if in the sole discretion of the Board, it is deemed desirable to do so.

The full text of the special resolution approving the Consolidation is as follows:

**“BE IT RESOLVED, AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS OF THE COMPANY THAT:**

1. The Company is hereby authorized to consolidate the issued and outstanding subordinate voting shares of the Company (the “Consolidation”) on the basis of one hundred (100) pre-Consolidation shares for one (1) post-Consolidation share of the Company or such lesser Consolidation ratio as the directors may approve. Any resulting fractional shares with the first decimal place being less than five shall be cancelled without payment of any consideration, and any resulting fractional shares with the first decimal place being five or greater shall be rounded up to one whole post-Consolidation share;
2. Notwithstanding that this special resolution has been passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered without further notice to, or approval of, the shareholders to determine not to proceed with the Consolidation at any time prior to the filing of the articles of amendment giving effect to the Consolidation. The directors of the Company may, at their sole discretion, revoke this resolution before it is acted upon without further approval or authorization of the shareholders of the Company;

3. The effective date of the Consolidation shall be the date shown in the certificate of amendment issued under the *Canada Business Corporations Act* or such other date indicated in the articles of amendment;

4. Any officer or director of the Company is hereby authorized and directed for on behalf of the Company to execute and deliver all such documents and to do all such other acts and things as he or she may determine to be necessary or advisable to give effect to this special resolution including, without limitation, to determine the timing for delivery and effect the delivery of articles of amendment in the prescribed form to the Director appointed under the *Canada Business Corporations Act*, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

To be effective, the special resolution to approve the Consolidation must be approved by a majority of not less than two-thirds of the votes cast by the Shareholders who vote in respect of the special resolution in person or represented by proxy at the Meeting in accordance with the provisions of the CBCA.

The Board recommends that Shareholders vote in favour of the Special Resolution approving the Consolidation.

**UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE ACCOMPANYING PROXY WILL VOTE FOR THE SPECIAL RESOLUTION APPROVING THE CONSOLIDATION.**

*Procedure for Implementing the Consolidation*

If the Board decides to proceed with the Consolidation and assuming that Shareholder approval for the Consolidation is received at the Meeting and all regulatory approvals are obtained, the Consolidation will only become effective upon the filing by the Company of Articles of Amendment with the Director under the CBCA giving effect to the Consolidation and the endorsement by the Director of a certificate of amendment in respect thereof.

The Company will issue a press release announcing the filing of the Articles of Amendment giving effect to the Consolidation, and the post-Consolidation Shares will be assigned a new CUSIP number.

*Letter of Transmittal*

Included with these Meeting Materials is a letter of transmittal (the "Letter of Transmittal") which will need to be duly completed and submitted by any Shareholders wishing to receive share certificates reflecting the post-Consolidation shares to which he, she or it is entitled if the Company completes the Consolidation. The Letter of Transmittal can be used for the purpose of surrendering certificates representing the currently outstanding shares to the Company's registrar and transfer agent in exchange for new share certificates reflecting the post-Consolidation shares of the Company.

After the Consolidation, currently issued share certificates reflecting the pre-Consolidation shares of the Company will (i) not constitute good delivery for the purpose of trades following the Consolidation; and (ii) be deemed for all purposes to represent the number of post-Consolidation shares to which the Shareholders are entitled as a result of the Consolidation. No delivery of a new certificate to a Shareholder will be made until the Shareholder has surrendered his, her or its current issued certificates. Please do not send the Letter of Transmittal until the Company announces by press release that the Consolidation will become effective.

Non-registered Shareholders holding Common Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those that will be put in place by the Company for registered Shareholders. If you hold shares with such bank, broker or other nominee and if you have questions in this regard, you are encouraged to contact your nominee to obtain instructions.

### *Regulatory Approvals*

The Consolidation is subject to regulatory approval. In addition, the Company is ensuring to effect the Consolidation in a manner that will not prejudice the relisting of the Shares on a stock exchange. Accordingly, the Company is proposing to effect the Consolidation such that it will continue to have a minimum number of holders holding at least one "board lot" of the security each, after completion of the Consolidation. As a result, the Board may in its sole discretion determine that it is necessary to implement a lower share consolidation ratio in order to satisfy the applicable listing requirements of the exchange on which the Company seeks to list the Shares.

### *Effect on Convertible Securities, Stock Options and Other Arrangements*

The exercise price and/or the number of shares of the Company issuable under any of the Company's outstanding convertible securities, purchase warrants, stock options and any other similar securities will be proportionately adjusted based upon the Consolidation Ratio with corresponding adjustments, where applicable, to the exercise or conversion price of such instruments.

### **ANY OTHER MATTERS**

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Management Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Management Information Circular to vote the same in accordance with their best judgment of such matters.

### **STATEMENT OF EXECUTIVE COMPENSATION**

#### **Named Executive Officers**

For the purposes of this Statement of Executive Compensation, a Named Executive Officer (each an "NEO") of the Company means each of the following individuals:

- the Chief Executive Officer ("CEO") of the Company;
- the Chief Financial Officer ("CFO") of the Company;
- each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than CAD\$150,000, as determined in accordance with subsection 1.2 of Form 51-102F6V, for that financial year; and
- each individual who would be an NEO under paragraph 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 the financial year.

During the fiscal years to June 30, 2018 and June 30 2017, the Company's NEOs were John Seton, Chief Executive Officer and John Glen, Chief Financial Officer.

Each of the NEOs is engaged by the Company pursuant to a management services agreement that sets out the NEO's base compensation and other entitlements.

**Director and Named Executive Officer Compensation**

<b>Name &amp; Position</b>	<b>Year</b>	<b>Fees (\$)</b>	<b>Bonus (\$)</b>	<b>Committee Fees (\$)</b>	<b>Perquisites Value (\$)</b>	<b>Other Compensation Value (\$)</b>	<b>Total Compensation (\$)</b>
John Seton Chief Executive Officer	2018	216,180	-	-	-	-	216,180
	2017	167,888	-	-	-	-	167,888
	2016	167,093	-	-	-	-	167,093
John Glen Chief Financial Officer	2018	174,833	-	-	-	-	174,833
	2017	145,844	-	-	-	-	145,844
	2016	117,696	-	-	-	-	117,696
Jocelyn Bennett Chair	2018	37,941	-	-	-	-	37,941
	2017	15,057	-	-	-	-	15,057
	2016	-	-	-	-	-	-
John Terry Director	2018	12,993	-	-	-	-	12,993
	2017	-	-	-	-	-	-
	2016	-	-	-	-	-	-
Jon Morda Director	2018	31,427	-	-	-	-	31,427
	2017	32,947	-	-	-	-	32,947
	2016	7,724	-	-	-	-	7,724

Subsequent to the end of the fiscal year ended June 30, 2018, the Board of Directors of the Company approved compensation in the amount of USD\$60,000 for the Chair of the Board, USD\$40,000 for the other Directors (other than John Seton), USD\$250,000 for the Chief Executive Officer and USD\$175,000 for the Chief Financial Officer.

**Stock Options and Other Compensation Securities**

During the financial years ended June 30, 2018 and June 30, 2017 no options or other compensation securities were granted or issued to or exercised by an NEO or director of the Company.

**Stock Option Plans and Other Incentive Plans**

The Company has no incentive plans other than its Stock Option Plan (the “**Plan**”) which was on hold for the financial years ended June 30, 2018 and June 30, 2017 due to the Cease Trade Orders in effect for those periods.

## Employment, Consulting and Management Agreements

Jura Trust Limited entered into an Amended and Restated Management Services Agreement with the Company dated 17 November 2016 for a term of two years. Pursuant to the agreement, Jura Trust Limited makes available John Seton to provide management services and act as Chief Executive Officer of the Company for an annual fee of \$216,180.

Meridian Corporate Advisory Pty Ltd, a private company owned by John Glen, entered into a Management Services Agreement with the Company dated 17 November 2016 for a term of two years. Pursuant to the agreement, Meridian Corporate Advisory Pty Ltd makes available John Glen to provide management and accounting services and act as Chief Financial Officer of the Company for an annual fee of \$174,833.

### Termination and Change of Control Benefits

The Company has entered into a management services agreement (each an “**Executive Agreement**”) with each of its NEOs that provide for specific benefits in the event that NEO’s employment is terminated voluntarily by the NEO upon notice to the Company or following a material change in the NEO’s responsibilities or by the Company upon notice. A summary of these benefits follows.

#### Termination

Pursuant to the Executive Agreements, the Company is required to make certain payments upon termination (whether voluntary, involuntary, or constructive), resignation or retirement or upon a change in the NEO’s responsibilities, as applicable. An estimate of the amount of these payments assuming that the triggering event giving rise to such payments occurred on June 30, 2018 or 30 June 2017, is set out in the table below and is more fully described in the section that follows:

NEO	Triggering Event		
	Resignation or Retirement	Termination without Cause	Material Change in Responsibilities
John Seton	Nil	540,450 <sup>(1)</sup>	540,450 <sup>(1)</sup>
John Glen	Nil	43,708 <sup>(2)</sup>	43,708 <sup>(2)</sup>

(1) equivalent to 30 months’ salary

(2) equivalent to 3 months’ salary

#### Termination by the NEO

The NEO may terminate his or her Executive Agreement and the services being provided by it thereunder by giving the Company at least three (3) months prior written notice (the “**NEO’s Termination Notice**”), provided that the Company shall have the right to give written notice to the NEO that the Company is waiving the full notice period and is permitting the agreement and the services of the NEO to be terminated upon a date that is less than three months after the date of the NEO’s Termination Notice as determined by the Company (the “**Company’s Termination Notice**”) and further provided that all salaries or fees payable to the NEO or the NEO’s management company, and all other obligations of the Company to the NEO hereunder shall cease upon the date specified in the NEO’s Termination Notice or the Company’s Termination Notice, whichever is applicable provided that if the Company provides the

Company’s Waiver of Notice, it will be obligated to pay fees up to and including the date specified in the Consultant’s Termination Notice at the rate of the Consultant’s annual fee or salary in effect at the time of the notice subject to a maximum of three (3) months payment.

The NEO shall be entitled to terminate his/her Executive Agreement immediately upon serving written notice to the Company in the event that:

- a receiver or liquidator is appointed in respect of the Company; or
- the Company fails to pay any moneys payable thereunder within fourteen (14) calendar days of the due date and shall further fail to pay such moneys within fourteen (14) calendar days of receiving written notice of such failure from the NEO.

The NEO may also terminate the Executive Agreement by giving the Company at least seven (7) days' notice if without the written agreement of the NEO, the nature of the duties, requirements and arrangements of the NEO are substantially changed such that the nature of the work that is required to be performed is not work which is consistent with the work ordinarily required to be performed for a position similar to that assumed by an executive for a publicly listed mining company and certain other enumerated circumstances, in which event the Company shall be obligated to provide the NEO with a payment which shall be payable on the fifth calendar day following the date of the notice of termination (the "**Employee's Notice of Termination**") and shall consist of the following, subject to the NEO executing and delivering a full and final release in writing to the Company:

- the NEO's full fee through to the date of termination at the amount in effect at the time the Employee's Notice;
- in lieu of further fees for periods subsequent to the date of the Employee's Notice of Termination, a payment as per the above table;
- the NEO's options on shares of the Company shall remain in full force and effect for the earlier of the expiry date of such options or twelve (12) months following the Company's Notice of Termination and the option agreements shall be deemed to have been amended, to the extent required, to the effect that any provision which would otherwise terminate such options as a result of the termination of the NEO's services shall be null and void.

The Company may at any time terminate an Executive Agreement for any just cause that would in law permit the Company to, without notice, terminate the NEO, in which event the NEO shall not be entitled to the payments set forth above, but shall be entitled to receive the full amount of the NEO's fees due through to the date of the notice of termination plus reimbursement of any allowable expenses.

#### *General Termination Provisions*

On a NEO's termination for any reason, the NEO agrees to deliver up to the Company all equipment, documents, financial statements, records, plans, drawings, papers of every nature in any way relating to the affairs of the Company and its associated or affiliated companies which may be in its possession or under its control. The NEO shall not be required to mitigate the amount of any payment provided for under any paragraph of these termination provisions by seeking other engagement or otherwise nor shall the amount of any payment provided by the termination provisions be reduced by any other compensation earned by the NEO as a result of engagement by another client after the date of termination or otherwise. The Company shall have full rights to offset any money properly due by the NEO or the Manager to the Company against any amounts payable by the Company to the NEO hereunder. The NEO will cease to be enrolled in any Company benefit plan after the last day of any notice period given.

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

#### ***Director and NEO Compensation***

The Compensation Committee is comprised of three board members, one of which is an independent member. The current members of the Compensation Committee are Jocelyn Bennett (chair), John Terry and Jon Morda. The significant industry experience of each of the Compensation Committee members, either as directors or officers of publicly traded international companies or the funds management industry

provides them with a suitable perspective to make decisions on the appropriateness of the Company's compensation practices and policies.

The Compensation Committee's primary objective is to assist the Board in fulfilling its oversight responsibilities with respect to:

- the establishment and ongoing review of compensation policies including all incentive and equity based compensation policies;
- the performance evaluation of the Chief Executive Officer and the Chief Financial Officer, and determination of the compensation for the board of directors and all officers of the Company including approving awards under any incentive or equity based compensation plans, including the Company's stock option plan; and
- succession planning, including the appointment, training and evaluation of senior management.

The Compensation Committee intends to annually review best practice developments in this regard to ensure that current packages do not create undue risk to the Company and to ensure the alignment of compensation packages with the objective of enhancing Shareholder value through an increased share price.

#### *Mitigation of Compensation Risks*

The Compensation Committee believes that the Company's executive compensation policies and practices do not increase its risk profile. The Compensation Committee has designed the Company's compensation policies and practices to include safeguards designed to mitigate compensation risks, including the following:

- The engagement of independent compensation advisors, when required, to provide recommendations as to compensation levels taking into account the Company's policies and practices in relation to its peer group;
- Cash compensation of any annual cash bonuses is capped to ensure preservation of capital and to provide payout boundaries;
- The inclusion of a broad range of metrics (production output, financial performance and resource expansion and upgrading) in calculating annual cash bonuses pursuant to the Company's short-term incentive plan if in force;
- Regular review of the Company's long-term incentive plan and grants thereunder is undertaken to ensure continued relevance, applicability and peer group competitiveness;
- An anti-hedging policy which ensures that executives cannot participate in speculative activity related to the Company's securities.

#### ***Elements of NEO Compensation***

##### *Fees*

The Company's CEO and CFO are paid in the form of annual fees. The Board will review these fees to ensure that they reflect each respective NEO's performance and experience in fulfilling their role and the fee shall not be less than was payable under the Management Services Agreement from 1 July 2012 to 16 November 2016. In the year to June 30, 2018 the Board did not approve any change to fees. In the year to June 30, 2017 the Board reset fees closer to market after completion of the exit financing. John Seton received an increase in annual fee to \$216,180 and John Glen an increase in annual fee to \$174,833.

*Stock Options*

As discussed above as the Option Plan is currently on hold until lifting of the Cease Trade Orders, the Company does not offer any long-term incentive plans, share compensation plans, retirement plans, pension plans or any such benefit plan for NEOs.

**Pension Disclosure**

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its stakeholders, particularly Shareholders. The Company is pleased to present its approach to corporate governance which is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. The directors are kept informed regarding the Company's operations at regular meetings, or as otherwise required and through reports and discussions with management on matters within their particular areas of expertise. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks that the Company faces.

National Policy 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices which disclosure is set out below, in accordance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)*.

**Board of Directors**

The Board of Directors currently consists of Four (4) directors: Jocelyn Bennett (Chair), Jon Morda, John Seton and John Terry. It is expected that these four Directors will be nominated for election to the Board of Directors at the next annual meeting of Shareholders.

Pursuant to National Instrument 52-110 – *Audit Committees ("NI 52-110")*, a director is considered independent if he or she has no direct or indirect material relationship with the Company that the Board believes could reasonably be perceived to materially interfere with his or her ability to exercise independent judgment. NI 52-110 sets out certain situations where a director is deemed to have a material relationship with the Company.

The Board of Directors considers Jon Morda to be independent. The Board of Directors considers that John Seton is not independent by virtue of being the Company's Chief Executive Officer. Jocelyn Bennett and John Terry, also serve as Directors of Pangaea, an "affiliated entity" of the Company and are exempt from the audit committee independence requirements pursuant to s. 3.3 of NI 52-110.

**Directorships**

Other than as follows, none of the current directors of the Company currently serve as a director of any other reporting issuer:

Name	Reporting Issuer	Market
Jocelyn Bennett	Search Minerals Inc.	TSX Venture Exchange

Jon Morda	Kootenay Silver Inc.	TSX Venture Exchange

### ***Orientation and Continuing Education***

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. The Company has not yet developed a formal orientation or training program for new directors or a formal continuing education program for existing directors. Nevertheless, through discussions and meetings with other directors, officers and employees, new directors will be provided with a thorough description of the Company's business, properties, assets, operations and strategic plans and objectives. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board.

### ***Ethical Business Conduct***

As part of its responsibility for the stewardship of the Company, the Board seeks to foster a culture of ethical conduct by requiring the Company to carry out its business in line with high business and moral standards and applicable legal and financial requirements.

In exercising their powers and discharging their duties, the Board is required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to officers, directors, employees and consultants, to help them recognize and deal with ethical issues; promoting a culture of honesty, integrity and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

The Board takes steps to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or an employee or consultant of the Company has a material interest, which include ensuring that such individuals are familiar with rules concerning reporting conflicts of interest and obtaining direction from the Board or a member of senior management of the Company regarding any potential conflicts of interest.

The Board has adopted a written code of business conduct and ethics (the "**Code**"), which applies to all employees, contractors, consultants, officers and directors of the Company and its subsidiaries. The purpose of the Code is to, among other things, promote honest and ethical conduct, promote the avoidance of conflicts of interest, promote compliance with applicable laws, rules and regulations, provide guidance to employees, contractors, consultants, officers and directors of the Company to help them recognize and deal with ethical issues and help foster a culture of honesty and accountability for the Company. A copy of the Code has been filed with the regulators, in accordance with applicable legislation, and is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Board also has adopted a written "Whistleblower Policy" which establishes procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or violations of the Code; and (ii) the submission by employees, contractors, consultants, directors or officers of the Company, on a confidential and anonymous basis, of concerns regarding questionable accounting, auditing matters or violations of the Code, any other policy, charter or mandate of the Company, or applicable laws, rules and regulations.

The Board also has adopted an "Insider Trading and Blackout Period Policy" to ensure, among other things: (i) strict compliance by all insiders with all requirements relating to the reporting of insider trading and with

respect to trading when in possession of “undisclosed material information” (as defined in the policy); and (ii) that individuals subject to scheduled and unscheduled blackout periods adhere to the restrictions on trading as set out in the policy.

The Board of Directors intends to conduct a review of the above policies prior to its next meeting of shareholders.

### ***Nomination of Directors***

The Board is responsible for the nomination of directors and identifying new candidates for appointment to the Board. In that regard, the Board is also responsible for identifying the competencies and skills required for nominees to the Board, with a view to ensuring that the Board is comprised of directors with the necessary skills and experience to facilitate effective decision-making. The Board may retain external consultants or advisors to conduct searches for appropriate potential director candidates if necessary.

Pursuant to the financing arrangements with Pangaea, Pangaea has the right to nominate two directors for election to the Board of Directors of the Company. Those nominees currently are Jocelyn Bennett and John Terry.

The Board will consider its size each year, as well as its commitments to Pangaea, when it determines the number of directors to be nominated for election. The Board will identify and recommend new nominees as directors of the Company based upon the following considerations:

- (i) the competencies and skills necessary for the Board as a whole to possess;
- (ii) the competencies and skills necessary for each individual director to possess;
- (iii) the competencies and skills which each new nominee of the Board is expected to bring; and
- (iv) whether the proposed nominees to the Board will be able to devote sufficient time and resources to the Company.

### ***Compensation***

The Board is responsible for making recommendations regarding remuneration of Directors.

The Company's Executive Compensation Program is administered by the Board of Directors, including the appointment and remuneration of executive officers of the Company.

### ***Board Committees***

The Company does not have any standing committees other than the Audit Committee. The Board is considering whether to constitute additional committees to be responsible corporate governance, nominations and compensation matters.

The Audit Committee is responsible for monitoring the Company's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents, including the Company's annual audited financial statements and unaudited quarterly financial statements, and monitoring the performance and independence of the Company's external auditors. The Audit Committee is also responsible for reviewing with management the Company's risk management policies, the timeliness and accuracy of the Company's regulatory filings and all related party transactions as well as the development of policies and procedures related to such transactions.

In addition to the Audit Committee, independent committees may be appointed from time to time, when appropriate.

## **Assessments**

Commencing with the revocation of the cease trade orders issued against the Company's securities, the Board of Directors intends to make annual assessments regarding the effectiveness of the Board of Directors itself and individual directors in fulfilling their responsibilities, as well as the adequacy of information provided to directors, communication between the Board of Directors and management and the strategic direction and processes of the Board of Directors.

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

At no time during the Company's last completed financial year was any director, executive officer, employee, proposed management nominee for election as a director of the Company nor any associate of any such director, executive officer, or proposed management nominee of the Company or any former director, executive officer or employee of the Company or any of its subsidiaries indebted to the Company or any of its subsidiaries or was indebted to another entity where such indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, other than routine indebtedness.

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

### **Equity Compensation Plan Information**

No securities are presently on issue as part of the Equity Compensation Plan.

### **Stock Option Plan**

The Company adopted the Stock Option Plan, approved by directors on April 24, 2007, which was most recently approved by the Shareholders of the Company at the Company's annual meeting held on October 26, 2012 and must be reapproved every three years. The purpose of the Plan is to provide an increased incentive for participants to contribute to the future success and prosperity of the Company. The key features of the Plan are as follows:

Under the Plan, stock options may be granted to directors, officers, employees and consultants of the Company and its affiliates or subsidiaries.

The Plan is a form of "evergreen/rolling maximum" incentive stock option plan which provides for the maximum number of Shares reserved for issuance under such plan to be no more than 12% of the issued and outstanding shares at the time of any stock option grant. In addition, the number of Shares subject to each option grant will be determined by the Board (or its duly appointed Compensation Committee) provided that any grant of options, may not result in the maximum number of Shares issuable:

- (a) to insiders of the Company, at any time, exceeding 10% of the Company's issued and outstanding Shares (on a non-diluted basis) on the date of grant;
- (b) to insiders within any one-year period exceeding 10% of the Company's issued and outstanding Shares (on a non-diluted basis) on the date of grant;
- (c) to any one individual insider within a one-year period, exceeding 5% of the outstanding Shares (on a non-diluted basis) at the time of the grant; and
- (d) to any non-employee directors, as a group, exceeding 5% of the outstanding Shares (on a non-diluted basis) at the time of grant;

The exercise price of any options granted shall be determined by the Board of Directors and shall not be less than the volume weighted average trading price of the Shares on the stock exchange where the majority of the trading volume and value of the listed shares occurs, for the five trading days immediately

prior to the date of grant (or, such other price required by such stock exchange) (calculated by dividing the total value by the total volume of securities traded for the relevant period) ("**Market Price**"). Options may be exercisable for a period of time fixed by the Board of Directors, not to exceed a maximum of up to five years (and may be adjusted if the expiry date falls within a blackout period imposed by the Company as described below), such period and any vesting schedule to be determined by the Board of Directors (or Compensation Committee) of the Company, and are non-assignable, except in certain circumstances.

The options are non-assignable and non-transferable except to "permitted assigns" of an optionee. The options can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Plan. Options granted to any optionee who is a director, employee, consultant or management company employee must expire on the earlier of (i) ninety (90) days after the optionee ceases to be in a least one of these categories, unless amended by the board to provide a longer period; or (ii) the date the option expires in accordance with its terms; or (iii) the date provided for in any employment or consulting agreement between such optionee and the Company, however Shareholder approval is required to be obtained should this cause options held by an optionee who is an insider of the Company to be extended beyond their original expiry. If an optionee ceases to be employed or retained by the Company for cause or if an optionee is removed from office as a director or becomes disqualified from being a director by law, any option or the unexercised portion thereof granted to such optionee shall terminate forthwith.

In the event of death of the optionee, the outstanding options shall remain in full force and effect and exercisable by the heirs or administrators of the deceased optionee in accordance with the terms of the agreement for one (1) year from the date of death or the balance of the option period, whichever is earlier.

Options that expire during a period when the optionee is prohibited from trading the Company's securities (a "**blackout period**") can be adjusted, without being subject to the approval of the Board of Directors or the Shareholders of the Company, to take into account any blackout period imposed on the Optionee by the Company as follows:

- (a) if the expiry date falls within a blackout period imposed on the Optionee by the Company, then the expiry date is the close of business on the 10<sup>th</sup> business day after the end of such blackout period (the "**Blackout Expiration Term**"); or
- (b) if the expiry date falls within two business days after the end of a blackout period imposed on the Optionee by the Company, then the expiry date is the date which is the Blackout Expiration Term reduced by the number of days between the original expiry date and the end of such blackout period. By way of example, Options whose expiry date is two business days after the end of the blackout period may be exercised for an additional eight business days.

Subject to the policies of the stock exchange upon which the Shares may be listed, the Board of Directors may, at any time, without further action by its Shareholders, revise or amend the Plan or any option granted thereunder in such respects as it may consider advisable and, it may do so to:

- (a) ensure that the Options granted thereunder will comply with any provisions respecting stock options in the income tax and other laws in force in any country or jurisdiction of which a participant to whom an Option has been granted may from time to time be resident or a citizen;
- (b) change vesting provisions of an option or the Plan;
- (c) change termination provisions of an option provided that the expiry date does not extend beyond the original expiry date;
- (d) reduce the exercise price of an option for a participant who is not an Insider, but in no case will it be lower than Market Price; and

- (e) make amendments to correct typographical or clerical errors or to add clarifying statements to ensure the intent and meaning of an option or the Plan is properly expressed.

However, specific disinterested Shareholder approval is required to reduce the exercise price of an option or to increase the term of an option for an optionee who is an insider. Shareholder approval also will be required to amend, remove or exceed the insider participation limits described above, to increase the fixed maximum percentage of shares able to be issued under the plan or to amend the amending provisions of the plan.

All option shares subject to an option become vested in the event of a take-over bid, change of control, arrangement or corporate organization.

The exercise price and the number of Shares which are subject to an option may be adjusted from time to time for share dividends, and in the event of reclassifications, reorganizations or changes in the capital structure of the Company.

### **CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

Except as disclosed below, none of the proposed directors (or any of their personal holding companies) of the Company:

- (a) is, or during the ten years preceding the date of this Information Circular has been, a director or officer of any company, including the Company, that, while the person was acting in that capacity:
  - (i) was 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
  - (ii) was subject to an event that resulted, after the director or proposed management nominee ceased to be a director or executive officer of the relevant company in the relevant company, being the subject of a cease trade order or similar order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - (iii) or within a year of the proposed director nominee ceasing to be a director or officer of the relevant company, 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; or
- (b) is or has, within the ten years preceding the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Except as disclosed below, none of the proposed directors (or any of their personal holding companies) has been subject to:

- (a) 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

- (b) any other penalties or sanctions imposed by a court or regulatory body which would likely be considered important to a reasonable securityholder of the Company in deciding whether to vote for a proposed director.

Each of the Directors standing for re-election (Jocelyn Bennett, Jon Morda, John Seton and John Terry) were directors of the Company when the Company was subject to cease trade orders for a period of more than 30 days. The Company was subject to cease trade orders issued by the Ontario Securities Commission, the British Columbia Securities Commission, the Alberta Securities Commission and L'authorité des marchés financiers, all of which were revoked on November 8, 2018.

Jon Morda was a director of the Company on October 19, 2015 when the Company filed a Notice of Intent to submit a proposal to creditors under the *Bankruptcy and Insolvency Act* (Canada) (the "BIA"). Various creditor proposals and options were presented and a selected for settlement. A Certificate of Full Performance under the BIA, effectively releasing the Company from the BIA proceedings was issued in May 2017. Each of Jocelyn Bennett, Jon Seton and John Terry were directors of the Company while the Company was subject to the BIA proceedings.

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

Other than as set forth below or elsewhere in this Management Information Circular and other than transactions carried out in the ordinary course of business of the Company or any of its subsidiaries, none of the directors or executive officers of the Company, a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company, nor any Shareholder beneficially owning, directly or indirectly, Shares, or exercising control or direction over Shares, or a combination of both, carrying more than 10% of the voting rights attached to the outstanding Shares nor an associate or affiliate of any of the foregoing persons has since July 1, 2012 (being the commencement of the Company's last completed financial year) any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Company or any of its subsidiaries.

Jocelyn Bennett is a Partner and Director of Pangaea and John Terry is a Director of Pangaea, which is the holder of a 5% secured convertible note in the principal amount of CAD\$10,000,000 (the "**Pangaea Note**"), 1,412,806,900 Shares (subject to escrow and repurchase upon the conversion of the Pangaea Note) and warrants to acquire up to 333,333,333 additional Shares at an exercise price of CAD\$0.02 until November 18, 2021. The Pangaea Note is secured by a general security agreement over all of the assets of the Company and by share pledge arrangements over the subsidiaries of the Company that own and operate the Bau Gold Project. A copy of the Pangaea Note is filed under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **MANAGEMENT CONTRACTS**

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

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

Other than as set forth in this Management Information Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors.

### **AUDIT COMMITTEE DISCLOSURE**

Under NI 52-110, companies are required to provide disclosure with respect to their audit committee including the text of the audit committee's charter, composition of the audit committee and the fees paid to the external auditor. This information is provided below with respect to the fiscal year ended June 30, 2018.

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

The Audit Committee of the Corporation is currently composed of the following three members: Jon Morda (Chair), Jocelyn Bennett and John Terry. Jon Morda has been determined by the Board of Directors to be independent. Jocelyn Bennett and John Terry are also directors of Pangaea and are exempt from the audit committee independence requirements pursuant to s. 3.3 of NI 52-110. Based on the education and breadth and depth of experience of each member of the Audit Committee, the Board of Directors has determined each such member to be financially literate.

### ***Relevant Education and Experience***

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee.

#### ***Jon Morda***

Mr. Morda has over 20 years of experience in the mining industry, having served as Chief Financial Officer for several mineral exploration and gold producing companies including and until he retired in June 2011, Alamos Gold Inc. As a senior executive, Mr. Morda is highly adept in all areas of strategic corporate planning, operations, budgeting, accounting and taxation functions. Mr. Morda has been a Member of the Institute of Chartered Accountants of Ontario, Canada (Chartered Professional Accountants Ontario) since 1980. He currently is a director and a member of the audit committee of Kootenay Silver Inc. (TSX-V).

#### ***Jocelyn Bennett***

Ms. Bennett is a senior partner and director in InCoR, Holdings PLC, a venture capital company and also a Director of Pangaea. She is also a managing director of a fiduciary services company in Geneva, Switzerland. Ms. Bennett has a strong financial background and extensive accounting and corporate experience through her involvement with a number of private and public companies.

#### ***John Terry***

Mr Terry is a fully qualified UK trained accountant with extensive experience in audit, financial control and offshore financial services. He successfully set up and managed a regulated Financial Services Company in the Caribbean for over 12 years and has acted as a professional director and trustee for a large number of clients. Having left the Caribbean John is currently based in the UK and provides consultancy services to private clients, Swiss and UK Companies.

### ***Auditor Fees***

The fees of Grant Thornton New Zealand Audit Partnership for the audit of the financial years ended June 30, 2017 and 2018 were as follows:

	<b>2018</b>	<b>2017</b>
Audit fees <sup>(1)</sup>	USD\$74,838	USD\$74,838
Audit-related fees <sup>(2)</sup>	Nil	Nil
Tax fees <sup>(3)</sup>	Nil	Nil
All other fees <sup>(4)</sup>	Nil	Nil
<b>Total</b>	<b>USD\$74,838</b>	<b>USD\$74,838</b>

**Notes:**

- (1) "**Audit fees**" include fees necessary to perform the annual audit of the Corporation's consolidated financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "**Audit-related fees**" include services that are traditionally performed by the auditor. These audit-related services 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 fees for all tax services other than those included in Audit fees. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice include assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and request for rulings or technical advice from tax authorities.
- (4) "**All other fees**" include all other non-audit services.

***Audit Committee Charter***

The responsibilities and duties of the Audit Committee are set out in the Audit Committee's Charter, the text of which is attached as "Schedule A" to this Circular. The Charter was adopted on April 23, 2012.

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

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

**ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) under "Company Profiles – Besra Gold Inc.". The Company's financial information is provided in the Company's audited comparative financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis by contacting James Hamilton, Investor Relations, at [jim@besra.com](mailto:jim@besra.com) (Phone: (416) 471-4494).

**APPROVAL**

The contents and sending of this Circular have been approved by the directors of the Company.

DATED December 10, 2018

**BY ORDER OF THE BOARD OF DIRECTORS**

*“John Seton”*

John A. G. Seton  
Chief Executive Officer and Director

**SCHEDULE "A"**  
**AUDIT COMMITTEE CHARTER**

**1. Introduction**

The primary objective of the Audit Committee (the "Committee") of Besra Gold Inc. (the "Company") is to act as a liaison between the Board and the Company's independent external auditors (the "Auditors") and to assist the Board in fulfilling its oversight responsibilities with respect to:

- (a) the Company's financial reporting and disclosure requirements,
- (b) the Company's compliance with legal and regulatory requirements,
- (c) external and internal audit processes and the qualification, independence and performance of the Auditors, and
- (d) the Company's risk management and internal financial and accounting controls, and management information systems.

**2. Audit Committee Composition and Membership**

- (a) The members of the Committee and the Chair of the Committee shall be appointed by the Board on the recommendation of the Corporate Governance and Nominating Committee. The Board may remove a member at any time and may fill any vacancy occurring on the Committee. A member may resign at any time and a member will automatically cease to be a member upon ceasing to be a director.
- (b) The Committee shall consist of at least three directors of the Company and shall satisfy all criteria for independence, financial literacy, expertise and experience requirements under applicable securities law, stock exchange and any other regulatory requirements applicable to the Company. Notwithstanding the generality of the foregoing, each member will be free of any relationship which could, in the view of the board, reasonably interfere with the exercise of the member's independent judgment.
- (c) The Committee may form subcommittees and delegate authority to any such subcommittee or any member, when appropriate.

**3. Audit Committee Meetings**

- (a) Meetings of the Committee will be held at such times and places as the Chair may determine, but not less frequently than four times per year. Twenty-four hours advance notice of each meeting will be given to each member orally, by telephone, by facsimile or email, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by telephone.
- (b) At the request of the Auditors, the Executive Chairman, the Chief Executive Officer or the Chief Financial Officer of the Company or any member of the Committee, the Chair will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.
- (c) The Chair, in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each upcoming

meeting. The Chair shall ensure that the agenda for each upcoming meeting of the Committee, together with any related briefing materials, is circulated to each member of the Committee as well as the other directors in advance of the meeting. The Committee may require officers and employees of the Company to produce such information and reports as the Committee may deem appropriate in order to fulfill its duties.

- (d) A majority of members will constitute a quorum for a meeting of the Committee. Each member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolutions signed by all members.
- (e) The Chair of the Committee, if present, will act as the chairman of meetings of the Committee. If the chairman is not present at a meeting of the Committee the members in attendance may select one of their number to act as chairman of the meeting.
- (f) At each meeting, the Committee will appoint a Secretary to keep minutes of the meeting. The Secretary does not need to be a member of the Committee.
- (g) The Committee may invite, from time to time, such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee. The Company's accounting and financial officer(s), other executive officers and the Auditors shall attend any meeting when requested to do so by the Chair of the Committee.
- (h) The Committee will, if deemed appropriate or necessary by the members, meet in camera without members of management in attendance for a portion of a meeting of the Committee.

#### **4. Duties and Responsibilities of the Committee**

The responsibilities of a member of the Committee are in addition to such member's duties as a member of the Board. The Committee shall have the following responsibilities:

##### **4.1. Financial Reporting and Disclosure**

- (a) Review and discuss with management, the financial and accounting officer(s) and the Auditors, the Company's annual audited financial statements (including the Auditors' report thereon), the interim financial statements and management's discussion and analysis and recommend same to the Board, where appropriate, for approval and dissemination in accordance with applicable laws and regulations.
- (b) Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual report to shareholders, management proxy circular, material change disclosures or press releases of a financial nature, any audit reports or letters and similar disclosure documents prior to the public disclosure of such information.
- (c) Discuss with management and the Auditors (including, if appropriate or necessary, in camera sessions where management is not present) major issues regarding accounting principles used in the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles with a view to gaining assurance that the Company's financial statements are accurate, complete and present fairly the Company's financial position and the results of its operations in accordance with International Financial Reporting Standards as issued by the

International Accounting Standards Board ("IFRS") or such other accounting standards used by the Company.

- (d) Review and discuss analyses prepared by management and/or the Auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative approaches under IFRS or such other accounting standards used by the Company.
- (e) Ensure that adequate procedures are in place for the review of the Company's disclosure of financial information and extracted or derived from the Company's financial statements and periodically assess the adequacy of these procedures and recommend any changes to the Board for consideration.
- (f) Review and discuss with management, the Auditors and the Company's independent counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company's financial statements, including applicable changes in accounting standards or rules, or compliance with applicable laws and regulations, inquiries received from regulators or government agencies and any pending material litigation.

#### **4.2. Risk Management and Internal Controls**

- (a) Review, based upon the recommendation of the Auditors and management, the scope and plan of the work to be done by the Company's financial and accounting group and the responsibilities, budget and staffing needs of such group.
- (b) Periodically review the adequacy and effectiveness of the Company's system of internal control and management information systems (including those of the Company's subsidiaries and joint ventures) through discussions with management and the Auditors to ensure that the Company maintains:
  - (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect the Company's transactions;
  - (ii) effective internal control systems; and
  - (iii) adequate processes for assessing the risk of material misstatement of the financial statement and for detecting control weaknesses or fraud.

From time to time the Committee will assess whether it is necessary or desirable to establish a formal internal audit department having regard to the size and stage of development of the Company at any particular time.

- (c) Approve and recommend to the Board for adoption policies and procedures on risk oversight and management to establish an effective system for identifying, assessing, monitoring and managing risk including satisfying itself that management has established adequate procedures for the review of the disclosure of financial information extracted or derived directly from the Company's financial statements.
- (d) In consultation with the Auditors and management, review the adequacy of the Company's internal control structure and procedures designed to ensure compliance with laws and regulations.
- (e) 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.
- (f) Review the internal control reports prepared by management, including management's assessment of the effectiveness of the Company's internal control structure and procedures for financial reporting and the Auditors' attestation, and report, on the assessment made by management.
- (g) Review the appointment of the Chief Financial Officer and any key financial executives involved in the financial reporting process and recommend to the Board any changes in such appointment.

#### **4.3. External Audit**

- (a) Recommend to the Board the independent auditors to be nominated for appointment as Auditors of the Company at the Company's annual meeting.
- (b) Review and recommend to the Board the fee, scope and timing of the audit and other related services rendered by the Auditors as well as the materiality, and general audit approach.
- (c) Ensure the Auditors report directly to the Committee on a regular basis;
- (d) Oversee on no less than an annual basis the performance of the Auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the Auditors' team and recommend to the Board the termination of the appointment of the Auditors, if and when advisable.
- (e) Maintain oversight of the work of the Auditors, including the review and resolution of any significant disagreements between management and the Auditors regarding financial reporting, any difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, and management's response to each.
- (f) Discuss with the Auditors the matters required to be discussed by applicable auditing standards requirements relating to the conduct of the audit including:
- (i) the adoption of, or changes to, the Company's significant auditing and accounting principles and practices;
  - (ii) the management letter provided by the Auditors and the Company's response to that letter; and
  - (iii) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, or personnel and any significant disagreements with management.
- (g) Review the reasons for any proposed change in the Auditors which is not initiated by the Committee or Board. When there is to be a change of the Auditors, review all issues related to the change, including any notices required under applicable securities law, stock exchange or other regulatory requirements, and the planned steps for an orderly transition.

- (h) Take reasonable steps to confirm the independence of the Auditors, which include:
  - (i) ensuring receipt from the Auditors of a formal written statement in accordance with applicable regulatory requirements delineating all relationships between the Auditors and the Company;
  - (ii) considering and discussing with the Auditors any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the Auditors;
  - (iii) approving in advance any non-audit related services provided by the Auditors to the Company, and the fees for such services, with a view to ensure independence of the Auditors, and in accordance with applicable regulatory standards, including applicable stock exchange requirements with respect to approval of non-audit related services performed by the Auditors; and
  - (iv) as necessary, taking or recommending that the Board take appropriate action to oversee the independence of the Auditors.
- (i) Review and approve any disclosures required to be included in periodic reports under applicable securities law, stock exchange and other regulatory requirements with respect to non-audit services.
- (j) Review annually a report from the Auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the Auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the Auditors, and any steps taken to deal with any such issues;
- (k) Confirm the good standing of the Auditors with the Canadian Public Accountability Board (CPAB) and comparable bodies elsewhere to the extent required and disclose any sanctions or restrictions imposed by CPAB and such other comparable bodies and make any reasonable requests as to the qualifications of the Auditors.
- (l) Receive and consider all recommendations and explanations which the Auditors present to the Committee.

#### **4.4. Ongoing Reviews and Discussions with Management and Others**

- (a) Obtain and review an annual report from management relating to the accounting principles used in the preparation of the Company's financial statements, including those policies for which management is required to exercise discretion or judgments regarding the implementation thereof.
- (b) Consider and approve, if appropriate, significant changes to the Company's accounting principles and financial disclosure practices as suggested by the Auditors or management and the resulting financial statement impact. Review with the Auditors or management the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented.
- (c) Enquire of the Company's financial and accounting officer(s) and the Auditors on any matters which should be brought to the attention of the Committee concerning accounting, financial and operating practices and controls and accounting practices of the Company.

- (d) Review and discuss with management any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses. Obtain explanations from management of all significant variances between comparative reporting periods.

#### **4.5. Other Responsibilities**

- (a) Review and, where appropriate, recommend to the Board for approval, related-party transactions if required under applicable securities law, stock exchange or other regulatory requirements.
- (b) Adopt and monitor and periodically review the Company's Whistleblower Policy and associated procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
  - (ii) the confidential, anonymous submission by directors, officers and employees of the Company of concerns regarding questionable accounting or auditing matters; and
  - (iii) any violations of any applicable law, rule or regulation that relates to financial reporting and disclosure.
- (c) Establish, review and approve policies for the hiring of employees or former employees of the Auditors or former Auditors.
- (d) Review its own performance annually, seeking input from management and the Board.
- (e) Perform any other activities consistent with this Charter, the Company's articles and by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

#### **5. Oversight Function**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or comply with IFRS (or such other accounting standards used by the Company) and other applicable requirements. There are the responsibilities of management and the Auditors.

The Committee, the Chair and any members identified as having accounting or related financial expertise are members of the Board appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities.

Although the designation of a member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a member who is identified as having accounting or related financial expertise, like the role of all members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

## **6. Reporting**

The Committee shall report regularly to the Board and shall submit the minutes of all meetings of the Audit Committee to the Board. The Committee shall also report to the Board on the proceedings and deliberations of the Committee at such times and in such manner as the Board may require. The Committee shall review with the Board any issues that have arisen with respect to quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance or independence of the Auditors or the performance of the Company's financial and accounting group.

The Committee shall, if required by applicable securities legislation, annually review and approve the Committee's report for inclusion in the Company's management proxy circular.

## **7. Audit Committee Resources**

The Committee shall have the authority to retain independent legal, accounting and other consultants to advise the Committee.

The Committee has the authority to conduct any investigation appropriate towards fulfilling its responsibilities. The Committee has direct access to anyone in the organization and may request any officer, manager or employee of the Company or the Company's external advisors or the Auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee with or without the presence of management. In the performance of any of its duties and responsibilities, the Committee shall have access to any and all books and records of the Company necessary for the execution of the Committee's obligations.

Section 1.01 The Committee shall consider the extent of funding necessary for payment of compensation to the Auditors for the purpose of rendering or issuing the annual audit report and recommend such compensation to the Board for approval. The Audit Committee shall determine the funding necessary for payment of compensation to any independent legal, accounting and other consultants retained to advise the Committee.

## **8. Charter Review**

This Charter will be reviewed periodically by the Committee and supplemented as required from time to time provided that such review will occur no less frequently than annually.

Dated: April 23, 2012

Approved by: Audit Committee