

**STEM 7 CAPITAL INC.**  
**Suite 202 – 750 West Pender Street**  
**Vancouver, British Columbia, V6C 2T8**

**INFORMATION CIRCULAR**  
**as at November 25, 2015**

**This Information Circular is furnished in connection with the solicitation of proxies by management of Stem 7 Capital Inc. for use at the annual general meeting of shareholders of Stem 7 Capital Inc. to be held on Wednesday, December 30, 2015 (the “Meeting”) and any adjournment thereof, for the purposes set forth in the attached Notice of Annual General Meeting. Except where otherwise indicated, the information contained herein is stated as of November 25, 2015.**

In this Information Circular, references to the “**Company**”, “**we**” and “**our**” refer to Stem 7 Capital Inc. “**Common Shares**” means common shares without par value in the capital of the Company. “**Registered Shareholders**” means shareholders whose names appear on the records of the Company as the registered holders of Common Shares. “**Non-Registered Shareholders**” means shareholders who do not hold Common Shares in their own name. “**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners). As a result, objecting beneficial owners will not receive the Information Circular and associated meeting materials unless their Intermediary assumes the costs of delivery.

**Appointment and Revocation of Proxies**

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers of the Company. **If you are a Registered Shareholder, you have the right to vote by proxy and to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting.** You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of Proxy.

Every Proxy may be revoked by an instrument in writing:

- (a) executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a company, by a duly authorized officer or attorney, of the company; and
- (b) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the meeting or any adjournment of it, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof,

or in any other manner provided by law.

**Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.**

## **Voting by Proxyholder**

If you have the right to vote by proxy, the persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) Each matter or group of matters identified therein for which a choice is not specified,
- (ii) Any amendment to or variation of any matter identified therein,
- (iii) Any other matter that properly comes before the Meeting. and
- (iv) Exercise of discretion of Proxyholder.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.** Management is not currently aware of any other matters that could come before the meeting.

## **Voting by Registered Shareholders**

If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare Trust Company of Canada ("**Computershare**"), in accordance with the instructions on the Proxy.

In all cases you should ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

## **Voting by Non-Registered Shareholders**

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

If Common Shares are listed in an account statement provided to a shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's Intermediary. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Non-Registered Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

### ***If you are a Non-Registered Shareholder:***

You should carefully follow the instructions of your Intermediary in order to ensure that your Common Shares are voted at the Meeting.

The voting instruction form supplied to you by your Intermediary will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf. Most Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a voting

instruction form in lieu of a Proxy provided by the Company. The voting instruction form will name the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **If you receive a voting instruction form from Broadridge, you cannot use it to vote Common Shares directly at the Meeting – the voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Common Shares voted.**

Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or person designated by you, may attend at the Meeting as proxyholder for your Intermediary and vote your Common Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Common Shares as proxyholder for your Intermediary, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your Intermediary in accordance with the instructions provided by such Intermediary, well in advance of the Meeting.

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

Except as disclosed herein in this management information circular, no person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and the appointment of auditors and as set out herein. For the purpose of this paragraph, "Person" shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company's last fiscal year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in subparagraphs (a) or (b).

#### **RECORD DATE AND QUORUM**

The board of directors (the "**Board**") of the Company has fixed the record date for the Meeting as the close of business on November 25, 2015 (the "**Record Date**"). Company shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their shares at the Meeting, except to the extent that any such shareholder transfers shares any shares after the Record Date and the transferee of those shares establishes that the transferee owns the shares and demands, not less than ten (10) days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case only such transferee shall be entitled to vote such shares at the Meeting.

Under the Company's articles, the quorum for the transaction of business at the Meeting consists of, subject to the special rights and restrictions attached to the share of any class or series of shares, one shareholder present in person or by proxy.

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

On the Record Date there were 5,721,314 common shares issued and outstanding, each share carrying the right to one vote. Only shareholders of record at the close of business on the Record Date will be entitled to vote in person or by Proxy at the Meeting or any adjournment thereof.

To the knowledge of the Directors and executive officers of the Company, the only beneficial owners or persons exercising control or direction over Company shares carrying more than 10% of the outstanding voting rights are as follows:

Name	Number of Shares <sup>(1)</sup>	Approximate % of Total Issued and Outstanding
David McMillan	2,686,883 <sup>(2)</sup>	46.96%
Canada Strategic Metals Inc.	1,072,693	18.75%

(1) The above information was derived from the shareholder list maintained by the Company's registrar and transfer agent, or from insider and beneficial ownership reports available at www.sedi.com and www.sedar.com.

(2) Of these Common Shares, 1,079,406 common shares are registered in the name of Sun Tzu Ventures Inc., a private company wholly owned by David McMillan, and 38,000 common shares are registered in the name of Plan B Management Inc., a private company wholly owned by David McMillan.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Presentation of Financial Statements

The audited consolidated financial statements of the Company for the financial year ended December 31, 2014 and 2013 and the auditor's report thereon will be placed before the Meeting.

### Election of Directors

The Company proposes to fix the number of directors of the Company at three and to nominate the persons listed below for election as directors. Each director will hold office until the next annual general meeting of the Company or until his or her successor is elected or appointed, unless his or her office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director. If, prior to the Meeting, any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the Proxy as nominee to vote the shares represented by Proxy for the election of any other person or persons as directors.

The following table sets out the names of the management nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of shares of the Company which each beneficially owns or over which control or direction is exercised.

Name, Residence and Present Position within the Company	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised <sup>(1)</sup>	Principal Occupation <sup>(1)</sup>
<b>David McMillan</b> <sup>(2)</sup> British Columbia, Canada <i>Director, Chairman, and CEO</i>	November 3, 2003	2,686,883 <sup>(3)</sup>	Self-employed venture company consultant
<b>Al Fabbro</b> <sup>(2)</sup> British Columbia, Canada <i>Director</i>	June 9, 2010	166,300	Lead Director of Midnight Sun Mining Corp.
<b>Graydon Kowal</b> <sup>(2)</sup> British Columbia, Canada <i>Director</i>	January 31, 2014	Nil	President and Chief Executive Officer of Guardian Exploration Inc.

(1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above not elected at the last annual general meeting have held the principal occupation or employment indicated for at least five years.

(2) Member of the Audit Committee.

(3) Of these common shares, 1,079,406 common shares are registered in the name of Sun Tzu Ventures Inc., a private company wholly owned by David McMillan, and 38,000 common shares are registered in the name of Plan B Management Inc., a private company wholly owned by David McMillan.

Except as disclosed herein, no proposed director of the Company is, or within the 10 years prior to the date of this Information Circular, has been, a director or executive officer of any company that while that person was acting in that

capacity:

- (a) was the subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or an order that denied the relevant company access to any exemption under securities legislation, for more than 30 consecutive days;
- (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (d) has individually, within the 10 years prior to this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

David McMillan was a director of Barkerville Gold Mines Ltd. (“**Barkerville**”). On August 14, 2012, the British Columbia Securities Commission issued a cease trade order against Barkerville for failure to file a National Instrument 43-101 compliant technical report supporting first time disclosure of a change in mineral resources on a mineral property owned by Barkerville. The cease trade order was revoked on July 15, 2013 after Barkerville filed a technical report supporting the disclosure of a change in mineral resources that was compliant with National Instrument 43-101.

#### **Appointment of Auditors**

Management is recommending that shareholders vote to appoint Manning Elliott LLP, Chartered Accountants, of 11<sup>th</sup> Floor, 1050 West Pender Street, Vancouver, British Columbia, V6E 3S7, as auditors for the Company and to authorize the directors to fix their remuneration. Manning Elliott LLP, Chartered Accountants were first appointed as auditors for the Company in 2007.

#### **Approval of Rolling Stock Option Plan**

At the Meeting, Shareholders will be asked to approve the continuation of the Company’s 2014 rolling stock option plan (the “**2014 Plan**”). The 2014 Plan is a 10% rolling stock option plan prepared in accordance with and subject to the rules and policies of the TSXV. The purpose of the 2014 Plan is to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Company and reduce the cash compensation the Company would otherwise have to pay. The 2014 Plan replaced the Company’s previous stock option plan adopted in 2012.

The 2014 Plan complies with the current policies of the TSXV. Under the 2014 Plan, a maximum of 10% of the Company’s issued and outstanding shares are proposed to be reserved at any time for issuance on the exercise of stock options.

The following summary of the Plan does not purport to be complete and is qualified in its entirety by reference to the Plan.

1. **Eligible Participants.** Options may be granted under the 2014 Plan to directors or officers of the Company or an affiliate of the Company (collectively, the “**Directors**”), employees of the Company (collectively, the “**Employees**”) consultants of the Company or its affiliate (collectively, the “**Consultants**”) or Management Company Employees (as that term is defined in Policy 4.4 of the TSXV’s Corporate Finance Manual). The board of directors of the Company (the “**Board**”), in its discretion, determines which of the Directors, Employees, Consultants or Management Company Employees will be awarded Options under the 2014 Plan.
2. **Number of Shares Reserved.** The number of Common Shares which may be issued pursuant to options granted under the 2014 Plan may not exceed 10% of the issued and outstanding Common Shares of the Company from

time to time at the date of granting of Options (including all options granted by the Company prior to the adoption of the 2014 Plan and under the 2014 Plan). Options which are cancelled or expire prior to exercise continue to be issuable under the 2014 Plan.

3. Limitations. Under the 2014 Plan, the aggregate number of options granted to any one person in a 12 month period must not exceed 5% of the issued and outstanding shares of the Company, calculated on the date the option is granted. The aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the issued and outstanding shares of the Company, calculated at the date the option is granted. The aggregate number of options granted to all persons retained to provide investor relations services to the Company (including Consultants and Employees or Directors whose role and duties primarily consist of providing investor relations services) must not exceed 2% of the issued and outstanding shares of the Company in any 12 month period, calculated at the date an option is granted to any such person.
4. Term of Options. Subject to the termination and change of control provisions noted below, the terms of any Option granted under the 2014 Plan is determined by the Board and may not exceed ten years from the date of grant.
5. Exercise Price. The exercise price of Options granted under the 2014 Plan is determined by the Board, provided that it is not less than the Discounted Market Price, as that term is defined in the TSXV's Corporate Finance policy manual or such other minimum price as is permitted by the TSXV in accordance with the policies from time to time, or, if the Common Shares are no longer listed on the TSXV, then such other exchange or quotation system on which the Common Shares are listed or quoted for trading. The exercise price of Options granted to insiders may not be decreased without disinterested shareholder approval at the time of the proposed amendment.
6. Vesting. All Options granted pursuant to the 2014 Plan will be subject to such vesting requirements as may be prescribed by the TSXV, if applicable, or as may be imposed by the Board.
7. Termination. Any Options granted pursuant to the 2014 Plan will terminate upon the earliest of:
  - (a) such date as the Board has fixed when the Option is granted, provided that the date is no more than one year from the date on which the holder ceases to be eligible (the "**Cessation Date**") to hold the Option;
  - (b) the end of the term of the Option;
  - (c) if the Cessation Date is as a result of dismissal for cause or regulatory sanction, then immediately on the Cessation Date; or
  - (d) if the Cessation Date is as a result of death or disability, then the date that is one year from the date of such death or disability.

Disinterested shareholder approval will be sought in respect of any material amendment to the 2014 Plan.

#### *Shareholder Approval*

Shareholders will be asked to approve with or without variation the following ordinary resolution:

"BE IT RESOLVED THAT:

- (a) the Company's 2014 Stock Option Plan be approved, and that in connection therewith a maximum of 10% of the Company's issued and outstanding Common Shares at the time of each grant be approved for granting as options; and
- (b) any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution."

A copy of the 2014 Plan will be available at the Meeting. Shareholders may also obtain copies of the 2014 Plan from the Company prior to the Meeting on written request.

## OTHER BUSINESS

As of the date of this circular, management knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the Proxy.

### STATEMENT OF EXECUTIVE COMPENSATION

Set out below are particulars of compensation paid to the following persons (the “**Named Executive Officers**” or “**NEOs**”):

- (a) the Company’s chief executive officer (“**CEO**”);
- (b) the Company’s chief financial officer (“**CFO**”);
- (c) 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 \$150,000 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

As at December 31, 2014, the end of the most recently completed financial year of the Company, the Company had one (1) NEO, whose name and positions held within the Company are set out in the summary compensation table below.

### DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

#### Summary Compensation Table

The following table is a summary of compensation (excluding compensation securities) paid to the NEOs and directors for each of the Company’s two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>David McMillan</b> <i>Director, CEO and Chairman</i>	2014	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil
<b>Al Fabbro</b> <i>Director</i>	2014	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil
<b>Graydon Kowal<sup>(1)</sup></b> <i>Director</i>	2014	Nil	Nil	Nil	Nil	Nil	Nil
	2013	N/A	N/A	N/A	N/A	N/A	N/A
<b>Chad McMillan<sup>(2)</sup></b>	2014	Nil	Nil	Nil	Nil	Nil	Nil

<i>Former CEO, Director, and, President</i>	2013	31,000	Nil	Nil	Nil	Nil	Nil
<b>Kelsey Chin</b> <sup>(3)</sup> <i>Former CFO and Secretary</i>	2014	\$8,400	Nil	Nil	Nil	Nil	Nil
	2013	\$41,500	Nil	Nil	Nil	Nil	Nil
<b>Faisal Manji</b> <sup>(4)</sup> <i>Former CFO and Corporate Secretary</i>	2014	Nil	Nil	Nil	Nil	Nil	Nil
	2013	N/A	N/A	N/A	N/A	N/A	N/A

- (1) Graydon Kowal was appointed as the Company's Director on January 31, 2014.
- (2) Chad McMillan was appointed as the Company's President and Chief Executive Officer on November 19, 2012 and resigned as the Company's President and Chief Executive Officer on June 1, 2013. Chad McMillan was appointed as the Company's Director on December 3, 2012 and resigned as the Company's Director on January 31, 2014.
- (3) Kelsey Chin was appointed as the Company's Chief Financial Officer on January 20, 2011 and Secretary on February 10, 2011 and resigned as the Company's Chief Financial Officer and Secretary on June 2, 2014.
- (4) Faisal Manji was appointed as the Company's Chief Financial Officer and Corporate Secretary on June 2, 2014 and resigned as the Company's Chief Financial Officer and Corporate Secretary on September 12, 2014.

### Stock Options and Other Compensation Securities

The Company has not granted any share-based awards to its directors and NEOs. The Company did not grant any options to its directors or NEOs during the Company's most recently completed financial year. No compensation securities were exercised by a director or NEO during the Company's most recently completed financial year.

The following table contains information on outstanding options of the Company held by the directors and NEOs as at the end of the most recently completed financial year.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
<b>Chad McMillan</b> <i>Former CEO, Director, and, President</i>	Options	20,000 <sup>(1)(2)</sup>	February 6, 2013	\$1.00	\$0.10	\$0.10	February 26, 2015
<b>Kelsey Chin</b> <i>Former CFO and Secretary</i>	Options	10,000 <sup>(2)</sup>	February 6, 2013	\$1.00	\$0.10	\$0.10	February 26, 2015

(1)The 20,000 options were granted to Animus Ventures Inc., a consulting company owned by Chad McMillan.

(2)The options set out in the table above have expired as of the date of this Management Information Circular.

### Stock Option Plans and Other Incentive Plan Awards

The Company's 2014 Stock Option Plan was approved by the Shareholders at the Company's Annual General Meeting on March 31, 2014. For details of the materials terms of the Company's 2014 Stock Option Plan, please see "Particular

*of Matters to be Acted Upon – Approval of Rolling Stock Option Plan”.*

The Company has no Incentive Plan in place and therefore there were no awards made under any incentive plan to the NEOs during the Company’s most recently completed financial year. An “Incentive Plan” is a plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period.

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

The Company does not have any contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO’s responsibilities.

### **Oversight and Description of Director and NEO Compensation**

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

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

The Board has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board may award executive officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Company does not provide medical, dental, pension or other benefits to the executive officers. The Board of Directors has not considered the implications of the risks associated with the Company’s compensation policies and practices. The Company’s compensation policies and practices give greater weight toward long-term incentives to mitigate the risk of encouraging short term goals at the expense of long term stability.

The base compensation of the executive officers is reviewed and set annually by the Board. The CEO has substantial input in setting annual compensation levels. The CEO is directly responsible for the financial resources and operations of the Company. In addition, the CEO and Board from time to time determine the stock option grants to be made pursuant to the Company’s Stock Option Plan. Previous grants of stock options are taken into account when considering new grants. The Board awards bonuses at its sole discretion. The Board does not have pre-existing performance criteria or objectives.

The salary for each NEO is primarily determined having regard to his position, responsibilities, the assessment of such individual’s performance and overall Company performance as presented by management to the Board of Directors. A cash bonus may be awarded to reward extraordinary performance that has led to increased value for shareholders through property acquisitions or divestitures, the formation of new strategic or joint venture relationships, or capital raising efforts. Grants of stock options are intended to enforce and encourage the executive officer’s commitment to the Company’s growth and the enhancement of share value and to reward executive officers for the Company’s performance. The grant of stock options, as a key component of the executive compensation package, enables the Company to attract and retain qualified executives.

The Company does not have a formal policy prohibiting a NEO or a director of the Company from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director of the Company. However, there is an understanding that the NEOs and directors of the Company will not purchase such financial instruments, and no NEO or director of the Company has purchased such financial instruments as of the date of this Management Information Circular.

Compensation for the most recently completed financial year should not be considered an indicator of expected

compensation levels in future periods. All compensation is subject to and dependent on the Company's financial resources and prospects.

The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the TSX Venture Exchange.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as of the end of the Company's most recently completed financial year with respect to compensation plans under which equity securities of the Company are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuances under equity compensation plan (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (Stock Option Plan)	59,000	\$1.00	204,331
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	<b>59,000<sup>(1)</sup></b>	<b>\$1.00</b>	<b>204,331</b>

(1) A total of 59,000 stock options have expired as of the date of this Management Information Circular.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, employees, proposed nominees for election as directors or their associates have been indebted to the Company since the beginning of the last completed financial year.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein or above, since the commencement of the Company's most recent financial year, no informed person (a director, officer or holder of 10% or more common shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries. See "Executive Compensation".

### MANAGEMENT CONTRACTS

The Company is not a party to a management contract with anyone other than directors or executive officers of the Company.

### STATEMENT OF CORPORATE GOVERNANCE

#### Corporate Governance

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and charged with the day to day management of the Company. The Canadian Securities Administrators ("CSA") have adopted National Policy 58-201 Corporate Governance Guidelines, which provides non prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have

implemented National Instrument 58-101 Disclosure of Corporate Governance Practices (“NI 58-101”), which prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

### **Board of Directors**

The Board currently consists of three directors: David McMillan, Al Fabbro, and Graydon Kowal. It is proposed that three directors, David McMillan, Al Fabbro, and Graydon Kowal be nominated at the Meeting.

The Board currently consists of a majority of individuals who qualify as independent directors. For this purpose, a director is independent if he or she has no direct or indirect “material relationship” with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment. Of the proposed nominees, two directors, Al Fabbro and Graydon Kowal are considered independent. Of the proposed nominees, one director, David McMillan, Chairman of the Company, is considered not independent.

### **Other Directorships**

The following table sets forth the current directors of the Company who are directors of other reporting issuers:

David McMillan:	Guardian Exploration Inc.
Al Fabbro	Midnight Sun Mining Corp. WPC Resources Inc. Veraz Petroleum Ltd. Parallel Mining Corp. Doubleview Capital Corp.
Graydon Kowal	Guardian Exploration Inc. Aldrin Resource Corp. Strike Diamond Corp.

### **Orientation and Continuing Education**

Orientation of new members of the Board is conducted by informal meetings with members of the Board, briefings by management, and the provision of copies of or access to the Company’s documents.

The Company has not adopted formal policies respecting continuing education for Board members. The Company encourages directors to undertake continuing education the costs of which are borne by the Company.

### **Ethical Business Conduct**

The Board has not adopted a formal code of business conduct and ethics. The Board is of the view that the fiduciary duties placed on individual directors by the Company’s governing legislation and common law together with corporate statutory restrictions on an individual director’s participation in Board decisions in which the director has an interest are sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

### **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual general meeting. The Board takes in to account the number of directors required to carry out the Board’s duties effectively and to maintain diversity of views and experience.

The Board has not established a nominating committee and this function is currently performed by the Board as a whole.

## **Compensation**

The Board has not established a formal compensation committee. Rather the independent Board members are responsible for reviewing and determining the adequacy and form of compensation paid to the Company's executives and key employees. The independent Board members evaluate the performance of the Chief Executive Officer and other senior management measured against the Company's business goals and industry compensation levels.

## **Board Committees**

The Board has no committees other than the Audit Committee.

## **Assessments**

The Board, its committees and individual directors are not regularly assessed with respect to their effectiveness and contribution. The Board believes that such assessments are more appropriate for companies of a larger size and complexity which may have significantly larger boards of directors. Where appropriate the chair of the Board meets with individual directors to discuss their contribution and that of the other directors. Arising from such meetings, if appropriate, the Board considers procedural and substantive changes to increase the effectiveness of the Board, its committees and members.

## **AUDIT COMMITTEE**

National Instrument 52-110 of the Canadian Securities Administrators (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following.

### **Audit Committee Disclosure**

Pursuant to the Section 224(1) of the British Columbia Business Corporations Act and NI 52-110, the Company is required to have an Audit Committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 requires the company as a venture issuer, to disclose annually its information circular certain information concerning the composition of its audit committee and its relationship with its independent auditor.

The primary function of the audit committee (the “**Committee**”) is to assist the Board in fulfilling its financial oversight responsibilities by reviewing (a) the financial reports and other financial information provided by the Company to regulatory authorities and shareholders; (b) the systems for internal corporate controls which have been established by the Board and management; and (c) overseeing the Company's financial reporting processes generally. In meeting these responsibilities the Committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the company's Board. The Committee is also mandated to review and approve all material related party transactions.

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

The committee is comprised of the following members: David McMillan, Al Fabbro, and Graydon Kowal. Each of the audit committee members are considered to be financially literate as defined by NI 52-110 in that each committee member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee are elected by the Board at its first meeting following the annual shareholders' meeting. Unless a chair is elected by the full Board, the members of the Committee designate a chair by a majority vote of the full Committee membership.

## Relevant Education and Experience

*David McMillan* - Mr. McMillan has over 30 years of experience in the investment and corporate finance industry. Mr. McMillan has acted as a director and officer of numerous mineral exploration companies and has extensive experience with the financial and accounting aspects of the industry in which the Company operates.

*Al Fabbro* - Mr. Fabbro has over 30 years experience in both the finance and mining industries and is currently an Executive and Director of several private and public mineral exploration companies. Mr. Fabbro has extensive experience with the financial and accounting aspects of the industry in which the Company operates.

*Graydon Kowal* - Mr. Kowal has been active in the petroleum industry in Alberta and British Columbia for the last 15 years. Since 1995, Mr. Kowal has been the President and Chief Executive Officer of Guardian Helicopters Inc., a private helicopter company serving the oil and gas, mining, and forest industries across North America.

## The Audit Committee's Charter

The Company has adopted a Charter of the Audit Committee of the Board of Directors a copy of which is annexed hereto as Schedule "A".

## Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Company's Board has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

## Reliance on Certain Exemptions

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

## Pre-Approval Policies and Procedures

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board, and where applicable the audit committee, on a case-by-case basis.

## External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2014	\$8,000	Nil	Nil	Nil
December 31, 2013	\$20,000	Nil	Nil	Nil

**Exemption**

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Financial information is provided in the Company's comparative financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders may request additional copies by (i) mail to Suite 202 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8; or (ii) telephone to: 778-773-4560.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“David McMillan”* \_\_\_\_\_

Chief Executive Officer

## Schedule “A”

### AUDIT COMMITTEE CHARTER

#### PURPOSE OF THE COMMITTEE

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of the Company is to provide an open avenue of communication between management, the Company’s independent auditor and the Board and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of the Company’s financial reporting and disclosure practices;
- the Company’s compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of the Company’s independent auditor.

The Committee shall also perform any other activities consistent with this Charter, the Company’s articles and governing laws as the Committee or Board deems necessary or appropriate.

The Committee shall consist of at least three directors. Members of the Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Committee shall elect a Chairman from among their number. A majority of the members of the Committee must not be officers or employees of the Company or of an affiliate of the Company. The quorum for a meeting of the Committee is a majority of the members who are not officers or employees of the Company or of an affiliate of the Company. With the exception of the foregoing quorum requirement, the Committee may determine its own procedures.

The Committee’s role is one of oversight. Management is responsible for preparing the Company’s financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with generally accepted accounting principles (“**GAAP**”). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor’s responsibility is to audit the Company’s financial statements and provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company in accordance with GAAP.

The Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing the Company’s financial statements, preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, and for reviewing and recommending the compensation of the independent auditor. The Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Committee.

#### AUTHORITY AND RESPONSIBILITIES

In addition to the foregoing, in performing its oversight responsibilities the Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of the Company’s Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of the Company’s accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related

documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.

5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.
6. Review the Company's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by the Company, including consideration of the independent auditor's judgment about the quality and appropriateness of the Company's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
9. Pre-approve all non-audit services to be provided to the Company by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and the Company and all non-audit work performed for the Company by the independent auditor.
11. Establish and review the Company's procedures for the:
  - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Committee believes is within the scope of its responsibilities. The Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of the Company.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (British Columbia) and the articles of the Company.