

GOLDSOURCE MINES INC.
ANNUAL GENERAL MEETING OF SHAREHOLDERS
INFORMATION CIRCULAR

GENERAL INFORMATION

This Information Circular is furnished to the holders (“shareholders”) of common shares (“Common Shares”) of Goldsource Mines Inc. (the “Company”) by management of the Company in connection with the solicitation of proxies to be voted at the annual general meeting (the “Meeting”) of the shareholders to be held at the Metropolitan Hotel Vancouver, 645 Howe Street, Vancouver, British Columbia on Wednesday, June 11, 2014 at 10:00 a.m. (Vancouver time) and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Meeting.

PROXIES

Solicitation of Proxies

The enclosed Proxy is solicited by and on behalf of management of the Company. The persons named in the enclosed Proxy form are management-designated proxyholders. A registered shareholder desiring to appoint some other person (who need not be a shareholder) to represent the shareholder at the Meeting may do so either by inserting such other person’s name in the blank space provided in the Proxy form or by completing another form of proxy. To be used at the Meeting, proxies must be received by Computershare Trust Company of Canada (“Computershare”), Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 by 10:00 a.m. (Vancouver time) on June 9, 2014 or, if the Meeting is adjourned, by 10:00 a.m. (Vancouver time), on the second last business day prior to the date on which the Meeting is reconvened, or may be accepted by the chairman of the Meeting prior to the commencement of the Meeting. Solicitation will be primarily by mail, but some proxies may be solicited personally or by telephone by regular employees or directors of the Company at a nominal cost. The cost of solicitation by management of the Company will be borne by the Company.

Notice and Access Process

The Company has decided to take advantage of the notice-and-access provisions (“Notice and Access”) under the Canadian Securities Administrators’ National Instrument 54-101—Communication with Beneficial Owners of Securities of a Reporting Issuer (“NI 54-101”) for the delivery of the Information Circular to its shareholders for the Meeting. The use of the alternative Notice and Access procedures in connection with the Meeting helps reduce paper use, as well as the Company’s printing and mailing costs.

Under Notice and Access, instead of receiving printed copies of the Information Circular, shareholders receive a notice (“Notice and Access Notification”) with information on the Meeting date, location and purpose, as well as information on how they may access the Information Circular electronically or request a paper copy. The Company will arrange to mail paper copies of the Information Circular to those registered and beneficial shareholders who have existing instructions on their account to receive paper copies of the Company’s proxy-related materials.

Non-Registered Holders

Only registered holders of Common Shares or the persons they appoint as their proxyholders are permitted to vote at the Meeting. In many cases, however, Common Shares beneficially owned by a holder (a “Non-Registered Holder”) are registered either:

- (a) in the name of an Intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIAs, RESPs and similar plans, or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (CDS)) of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “NOBOs”. Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as “OBOs”.

In accordance with the requirements of NI 54-101 of the Canadian Securities Administrators, the Company has distributed the Notice and Access Notification in connection with this Meeting to Intermediaries and clearing agencies for onward distribution to Non-Registered Holders.

The Company will not be paying for Intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of proxy-related materials and related documents (including the Notice and Access Notification). Accordingly, an OBO will not receive copies of proxy-related materials and related documents unless the OBO’s Intermediary assumes the costs of delivery.

Intermediaries which receive the proxy-related materials (including Notice and Access Notification) are required to forward the proxy-related materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries often use service companies to forward the proxy-related materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive proxy-related materials (including OBOs who have made the necessary arrangements with their Intermediary for the payment of delivery and receipt of such proxy-related materials) will be sent a voting instruction form which must be completed, signed and returned by the Non-Registered Holder in accordance with the Intermediary’s directions on the voting instruction form. In some cases, such Non-Registered Holders will instead be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. This form of proxy does not need to be signed by the Non-Registered Holder, but, to be used at the Meeting, needs to be properly completed and deposited with Computershare as described under “Solicitation of Proxies”.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares that they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form.

Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies, including instructions regarding when and where the voting instruction form or Proxy form is to be delivered.

Revocability of Proxies

A registered shareholder who has given a Proxy may revoke it by an instrument in writing that is

- (a) executed by the shareholder giving same or by the shareholder's attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and
- (b) delivered either to the registered office of the Company (19th Floor, 885 West Georgia Street, Vancouver, British Columbia V6C 3H4) at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof before any vote in respect of which the Proxy is to be used shall have been taken,

or in any other manner provided by law.

Non-Registered Holders who wish to revoke a voting instruction form or a waiver of the right to receive proxy-related materials should contact their Intermediaries for instructions.

Voting of Proxies

Common Shares represented by a shareholder's Proxy form will be voted or withheld from voting in accordance with the shareholder's instructions on any ballot that may be called for at the Meeting and, if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of any instructions, the management-designated proxyholder named on the Proxy form will cast the shareholder's votes in favour of the passage of the resolutions set forth herein and in the Notice of Meeting.**

The enclosed Proxy form confers discretionary authority upon the persons named therein with respect to (a) amendments or variations to matters identified in the Notice of Meeting and (b) other matters which may properly come before the Meeting or any adjournment thereof. At the time of printing of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Only Common Shares carry voting rights at the Meeting with each Common Share carrying the right to one vote. The Board of Directors has fixed April 28, 2014 as the record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting and at any adjournment thereof, and only shareholders of record at the close of business on that date are entitled to such notice and to vote at the Meeting. As of April 28, 2014, 79,129,557 Common Shares were issued and outstanding as fully paid and non-assessable.

To the knowledge of the directors and executive officers of the Company, as at April 28, 2014, no person beneficially owned or exercised control or direction over, directly or indirectly, shares carrying 10% or more of the voting rights attached to the Company's issued and outstanding Common Shares.

VOTES NECESSARY TO PASS RESOLUTIONS AT THE MEETING

Under the Company's Articles, the quorum for the transaction of business at the Meeting consists of two shareholders entitled to vote at the Meeting, whether present in person or represented by proxy. Under the Business Corporations Act (British Columbia) and the Company's Articles, a simple majority of the votes cast at the Meeting (in person or by proxy) is required in order to pass the resolutions referred to in the accompanying Notice of Meeting.

APPOINTMENT OF AUDITOR

The appointment of a new auditor of the Company will be proposed at the Meeting further to the resignation of Ernst & Young LLP, Chartered Accountants, as auditor of the Company. Ernst & Young LLP served as the Company's auditor from February 19, 2003 until its resignation on January 9, 2014. Upon the resignation of Ernst & Young LLP, Davidson & Company LLP, Chartered Accountants, was appointed as successor auditor of the Company on January 9, 2014. The management-designated proxyholders named in the enclosed Proxy form intend to vote for the appointment of Davidson & Company LLP, Chartered Accountants, as the new auditor of the Company to hold office until the next annual general meeting of shareholders.

The Canadian Securities Administrators' National Instrument 51-102—Continuous Disclosure Obligations ("NI 51-102") specifies certain reporting requirements that apply when there is a proposed change in the auditor of a reporting issuer. NI 51-102 requires the Company to prepare a Notice of Change of Auditor and obtain letters from the former and successor auditors and send copies of these documents to relevant securities regulators and to the shareholders of the Company. Copies of these documents are attached to this Information Circular in Appendix A.

The Company is not aware of any reportable event (i.e. disagreement, consultation or unresolved issue) in connection with the proposed change of auditor of the Company.

ELECTION OF DIRECTORS

The number of directors of the Company is currently fixed at five. At the Meeting, shareholders will be asked to elect five directors. The persons named below are the five nominees of management for election as directors, all of whom are current directors of the Company. Each nominee elected will hold office as a director until the next annual general meeting or until the director's successor is elected or appointed unless the director's office is earlier vacated under any of the relevant provisions of the Articles of the Company or the *Business Corporations Act* (British Columbia). It is the intention of the persons named as proxyholders in the enclosed Proxy form to vote for the election to the Board of Directors of those persons hereinafter designated as nominees for election as directors. The Board of Directors does not contemplate that any of such nominees will be unable to serve as a director; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in such shareholder's Proxy that such shareholder's shares are to be withheld from voting in the election of directors.**

The following table sets out the name of each of the persons proposed to be nominated for election as a director; all positions and offices in the Company presently held by the nominee; the nominee's present principal occupation, business or employment (and, in the case of Ioannis Tsitos and Jonathan Dubois-Phillips, who are

nominated for election at a shareholders' meeting of the Company for the first time, also their principal occupation and employment for the last five years); the period during which the nominee has served as a director; and the number of Common Shares that the nominee has advised are beneficially owned or over which control or direction is exercised, directly or indirectly, by the nominee as of April 28, 2014.

Name, place of residence and positions with the Company	Principal occupation, business or employment	Period served as a director	Common Shares beneficially owned or controlled
J. SCOTT DREVER British Columbia, Canada Director and CEO	Chief Executive Officer of the Company; Chairman and Chief Executive Officer of SilverCrest Mines Inc. (mining company); President of Nemesis Enterprises Ltd. (management consulting company)	Since September 9, 1997	987,214
JONATHAN DUBOIS-PHILLIPS ⁽¹⁾⁽²⁾ British Columbia, Canada Director	Independent finance consultant since November 2012; Managing Director Finance, Ivanhoe Capital Corporation from June 2010 to November 2012; prior thereto, investment banker with Nomura International (investment bank)	Since February 28, 2014	977,630
STEVEN B. SIMPSON ⁽¹⁾⁽²⁾ Singapore Director	Consultant, Triton Advisory Group (Singapore-based investment firm)	Since September 9, 1997	588,400
IOANNIS TSITOS British Columbia, Canada Director and President	President of the Company since February 2014; President and Chief Executive Officer of Eagle Mountain Gold Corp. (predecessor mining company of the Company) from January 2008 to February 2014	Since February 28, 2014	768,018
GRAHAM C. THODY ⁽¹⁾⁽²⁾ British Columbia, Canada Director & Chairman	Corporate Director	Since December 29, 2003	135,000

(1) Member of Audit Committee.

(2) Member of Corporate Governance and Compensation Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed herein, none of the proposed directors is, as at the date of this Information Circular, or has been, within the ten years preceding the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that

- (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (collectively, an “Order”), when such Order was issued while the person was acting in the capacity of a director, chief executive officer or chief financial officer of the relevant company; or
- (b) was subject to an Order that was issued after such person ceased to be a director, chief executive officer or chief financial officer of the relevant company, and which resulted from an event that occurred while the person was acting in the capacity of a director, chief executive officer or chief financial officer of the relevant company.

In December 2010, J. Scott Drever and Graham C. Thody were directors of SilverCrest Mines Inc. (“SilverCrest”) (and Mr. Drever was also President and Chairman of SilverCrest) when SilverCrest received notification of administrative proceedings from the United States Securities and Exchange Commission (“SEC”). This notification was issued as a result of a registration statement filed in 1999 by Strathclair Ventures Ltd., a predecessor company to SilverCrest which was under different management until SilverCrest assumed control in 2003. The order alleged that Strathclair (now SilverCrest) had not filed periodic reports with the SEC sufficient to maintain its registration in the United States. Following discussions with the SEC and in order to remedy the situation, SilverCrest entered into a consent order with the SEC dated January 10, 2011 through which SilverCrest agreed to the revocation of the registration of its common shares under the United States Securities Exchange Act of 1934. As a result, broker-dealers in the United States were unable to effect transactions in the common shares of SilverCrest. On May 31, 2011, SilverCrest filed a registration statement on Form 40-F for the purpose of registering its common shares under the United States Securities Exchange Act of 1934. Upon the registration statement taking effect on August 1, 2011, broker-dealers in the United States were able to effect transactions in common shares of SilverCrest in the United States.

Other than as disclosed herein, no proposed director is, as at the date of this Information Circular, or has been, within the ten years preceding the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, 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.

Steven B. Simpson, a director of the Company, was a director and chairman of C2C Pte Ltd., a Bermuda holding company (“C2C”) in August 2007, when C2C was the subject of a creditor’s scheme of arrangement that was approved by the Supreme Court of Bermuda, and continued to be a director and chairman of C2C until October 31, 2007 upon the conclusion of the arrangement proceedings.

No proposed director 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 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 that person.

No proposed director 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 that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

CORPORATE GOVERNANCE DISCLOSURE

The following description of the corporate governance practices of the Company is provided further to the Canadian Securities Administrators' National Instrument 58-101—Disclosure of Corporate Governance Practices ("NI 58-101") and the disclosure prescribed for "Venture Issuers" such as the Company.

Board of Directors

The Board of Directors currently consists of five directors, a majority of whom are independent. Jonathan Dubois-Phillips, Steven B. Simpson and Graham Thody are considered independent. J. Scott Drever and Ioannis Tsitos, each of whom has served as executive officers of the Company within the last three years, are considered not independent.

Directorships

The current directors of the Company who are presently directors of other reporting issuers in Canada or elsewhere are as set out below:

Director	Other Reporting Issuers
J. Scott Drever	SilverCrest Mines Inc.
Steven B. Simpson	Chemoil Energy Ltd.
Graham C. Thody	Geologix Explorations Inc. SilverCrest Mines Inc. UEX Corporation
Ioannis Tsitos	Alexandra Capital Corp. First Bauxite Corporation Para Resources Inc.

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's properties, business, and industry.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

Ethical Business Conduct

The Company has adopted a Code of Business Conduct and Ethics which applies to the directors, officers and employees of the Company. The Board expects that fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as provisions under corporate legislation for required disclosures by directors and senior officers to the Company of transactions with the Company in which they may have an interest and of any other conflicts of duties and interests, will also ensure that these persons conduct themselves in the best interests of the Company.

Nomination of Directors

Any director is free to nominate individuals for election or appointment to the Board, however, the Corporate Governance and Compensation Committee has the principal responsibility with respect to selection and nomination of director nominees. The Committee is also responsible for developing qualification criteria for Board members for recommendation to the Board in accordance with the Canadian Securities Administrators' National Policy 58-201—Corporate Governance Guidelines. The Committee also has the sole authority to retain and terminate any search firm to be used to identify director candidates and has the authority to approve the search firm's fees and other retention terms.

In making its recommendations to the Board regarding director nominees, the Committee shall consider:

- (a) the appropriate size of the Board;
- (b) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;
- (c) the competencies and skills that the Board considers each existing director to possess;
- (d) the competencies and skills each new nominee will bring to the Board, and
- (e) whether or not each new nominee can devote sufficient time and resources to the nominee's duties as a director of the Company.

Compensation

The Corporate Governance and Compensation Committee reviews annually the adequacy and form of compensation of the directors and executive officers of the Company to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director or executive officer.

In evaluating (or making recommendations to the Board of Directors with respect to) the level of compensation for the executive officers, the Corporate Governance and Compensation Committee reviews and considers the Company's corporate goals and objectives relevant to compensation for its executive officers and evaluates the performance of each executive officer in light of those corporate goals and objectives. In considering the compensation for executive officers other than the Chief Executive Officer, the Committee takes into account the recommendation of the Chief Executive Officer.

All compensation arrangements between the Company and any director or executive officer of the Company or between any subsidiary of the Company and any director or executive officer of the Company must be approved by the Corporate Governance and Compensation Committee.

Other Board Committees

The Board of Directors of the Company has no standing committees other than the Audit Committee and the Corporate Governance and Compensation Committee.

Assessments

The effectiveness of the Board of Directors as a whole, any committee of the Board and individual directors is assessed on an ongoing basis by the Board, the Corporate Governance and Compensation Committee and senior management.

AUDIT COMMITTEE DISCLOSURE

Pursuant to the Business Corporations Act (British Columbia) and the Canadian Securities Administrators' National Instrument 52-110—Audit Committees ("NI 52-110"), the Company is required to have an audit committee.

Audit Committee Charter

Pursuant to NI 52-110, the Company's audit committee is required to have a charter. A copy of the Company's Audit Committee Charter is set out in Appendix A to this Information Circular.

Composition of the Audit Committee

As at the date of this Information Circular, the following is information on the members of the Company's Audit Committee:

Name	Independent	Financial Literacy
Graham Thody (Chair)	Yes	Yes
Jonathan Dubois-Phillips	Yes	Yes
Steven B. Simpson	Yes	Yes

Relevant Education and Experience

The following describes the relevant education and experience of the members of the Audit Committee:

Graham Thody - Mr. Thody is a member of the British Columbia Institute of Chartered Accountants ("BCICA") as well as the Canadian Institute of Chartered Accountants. He served as a member of the BCICA By-Laws Committee for several years. Mr. Thody has also served as a Director and Executive Member of the Lions Gate Hospital Foundation, as well as the Chair of its Finance Committee. He holds a Bachelor of Commerce degree (Marketing) from the University of British Columbia. He was a Partner of Nemeth Thody Anderson, Chartered Accountants of Vancouver BC from 1979 until his retirement in 2007. His practice focus included audits of reporting companies, corporate finance (including initial public offerings), corporate mergers

and acquisitions as well as domestic and international tax matters. He was President and CEO of UEX Corporation (“UEX”) from November 2009 until his retirement in January 2014. He is currently a director of several reporting companies which are involved in mineral exploration and development throughout North, Central and South America.

Jonathan Dubois-Phillips - Mr. Dubois-Phillips is a finance professional with a successful career spanning Asia, North America, and Europe. In his most recent role, Mr. Philips was Managing Director Finance for Ivanhoe Capital Corporation working on finance matters for the founder’s publicly traded and privately held companies. He is a former investment banker who spent more than eight years with Lehman Brothers in the Principal Transactions/Global Real Estate Group. Post-Lehman, Mr. Dubois-Phillips moved to Nomura International, Japan’s largest investment bank. At Nomura, Mr. Dubois-Phillips was a Managing Director in the Asset Finance group based in Hong Kong. Mr. Dubois-Phillips has a Masters of Business Administration from INSEAD and a Bachelor of Commerce from the University of British Columbia in Urban Land Economics.

Steven B. Simpson - Mr. Simpson has been an Australian certified practicing accountant (CPA) since 1977. He is also a Chartered Secretary and member of the Institute of Directors. He is a Commerce graduate from the University of New South Wales and is a former partner of Price Waterhouse (now PriceWaterhouseCoopers LLP) in both the Australian and Asian markets. Mr. Simpson is a director and a member of the audit committee of Chemoil Energy Ltd., which is a public company listed on the Singapore Exchange (SGX). Mr. Simpson is a principal of Triton Advisory Group, a mergers and acquisitions, fixed income trading, asset management and corporate advisory group located in Singapore.

Reliance on Certain Exemptions

At no time since January 1, 2013 has the Company relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 by a securities regulatory authority or regulator.

Audit Committee Oversight

At no time since January 1, 2013 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Company’s Board of Directors.

Pre-approval Policies and Procedures for Non-Audit Services

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

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditor in each of the last two financial years of the Company for services in each of the categories indicated are as follows:

Financial Year Ended	Audit Fees	Audit Related Fees ⁽¹⁾	Tax Fees ⁽²⁾	All Other Fees ⁽³⁾
December 31, 2013	\$28,560	Nil	Nil	Nil
December 31, 2012	\$39,025	Nil	Nil	Nil

- (1) Pertains to assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are not reported under "Audit Fees".
- (2) Pertains to professional services for tax compliance, tax advice, and tax planning.
- (3) Pertains to products and services other than services reported under the other categories.

Venture Issuers Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 which exempts "venture issuers" from the requirements of Part 5 (*Reporting Obligations*) of NI 52-110.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Executive Compensation

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

- (a) the person who acted as the Company's chief executive officer ("CEO"), or acted in a similar capacity, for any part of the Company's most recently completed financial year;
- (b) the person who acted as the Company's chief financial officer ("CFO"), or acted in a similar capacity, for any part of the Company's most recently completed financial year;
- (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

In respect of the Company's financial year ended December 31, 2013, the Company had two Named Executive Officers, namely J. Scott Drever (then as Chairman and President of the Company and acting as the Company's CEO), and Barney Magnusson (Chief Financial Officer).

Compensation Discussion and Analysis

Executive and Employee Compensation Objectives and Philosophy

The Board of Directors recognizes that the Company's success depends greatly on its ability to attract, retain and motivate superior performing employees, which can only occur if the Company has an appropriately structured and implemented compensation program.

The principal objectives of the Company's executive compensation program are as follows:

- (a) to attract and retain qualified executive officers, which includes having compensation that is competitive within the marketplace;
- (b) to align executives' interests with those of the shareholders; and
- (c) to reward demonstration of both leadership and performance.

The Company does not have a formal compensation program with set benchmarks. Individual compensation is not directly tied to performance goals which are based on any specific objective and identifiable measure, such as the Company's share price or earnings per share. However, the Company does have a compensation program which seeks to reward an executive officer's current and future expected performance. Individual performance is reviewed for all executive officers based largely on a qualitative evaluation of the Company's achievement of corporate milestones and objectives.

Compensation Review Process

The Corporate Governance and Compensation Committee is tasked with the responsibility of, among other things, recommending to the Board compensation policies and guidelines for the Company and for implementing and overseeing compensation policies approved by the Board.

The Corporate Governance and Compensation Committee reviews annually and makes recommendations to the Board in respect of the compensation paid by the Company to its directors and executive officers. The committee is responsible for reviewing and considering corporate goals and objectives relevant to compensation for all executive officers, evaluating their performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) the level of compensation for the executive officers based on this evaluation. In considering executive officers other than the Chief Executive Officer, the committee shall take into account the recommendation of the Chief Executive Officer.

With the approval of the Corporate Governance and Compensation Committee, the Board may from time to time engage outside advisors at the expense of the Company to assist with the evaluation of compensation of directors and officers. The Corporate Governance and Compensation Committee also reviews, and recommends to the Board for its approval any severance or similar termination payments proposed to be made to any current or former executive officer.

All compensation arrangements between the Company and any director or executive officer of the Company or between any subsidiary of the Company and any director or executive officer of the Company must be approved by the Corporate Governance and Compensation Committee.

The Board of Directors and the Corporate Governance and Compensation Committee have considered the implications of the risks associated with the Company's compensation policies and practices. The Board acknowledges that the Company, as a junior natural resource company, does not presently generate any revenues, and that all management compensation to date has been derived solely from cash in the Company's treasury, acquired by way of equity financings to date, and the grant of incentive stock options to management personnel and employees. Salary compensation to the Named Executive Officers is provided for under the various management consulting agreements with the Named Executive Officers' management companies (see below, under "Summary Compensation Table" for details of such contracts). These contracts have specified terms and annual base salary rates which the Company is obligated to pay, subject to the termination provisions thereunder. Upon the occurrence of certain events, the Company's early termination of these contracts may also trigger additional balloon payments (see below, under "Termination and Change of Control Benefits" for a summary of such termination payments), which could adversely impact the Company's working capital. However, in order to provide necessary oversight and to mitigate against the risks posed by these management contracts, the Board has adhered to the policy of requiring all independent Board and committee members to evaluate and approve of all executive compensation arrangements and awards prior to their commitment. The Board has also adopted a policy which requires the Corporate Governance and Compensation Committee to review the terms of these executive management agreements on an annual basis. At present, the Board has determined that the current executive compensation levels are not excessive and are in line with other companies of similar stature. With respect to the longer-term component of executive compensation, options granted to executive officers under the Company's Stock Option Plan serve to align the interests of those persons with the shareholders and, therefore, mitigates any excessive risks that may be taken by the executive officers. As options are generally priced at market value at the time of grant and are subject to mandatory vesting schedules, the benefits of such compensation, if any, may not be realized by the executive until a significant period of time has passed. Accordingly, the ability of executives to take inappropriate or excessive risks that are beneficial to them from the standpoint of their compensation at the expense of the Company and its shareholders is extremely limited.

Elements of Executive Compensation Program

The Company's compensation program consists of the following elements:

- (a) base salary or consulting fees;
- (b) performance bonus payments; and
- (c) equity participation through the Company's Stock Option Plan.

Base Salary or Consulting Fees

The Named Executive Officers of the Company are primarily compensated indirectly through consulting fees payable by the Company to their respective management companies. For the principal terms of these various management agreements, see under "Summary Compensation Table" and "Termination and Change of Control Benefits".

In determining the annual base consulting fees, the Board of Directors, with the recommendation of the Corporate Governance and Compensation Committee, considered the following factors:

- (a) the particular responsibilities related to the position;
- (b) salaries paid by other companies in the mining industry which were similar in size as the Company, at the same stage of development as the Company and considered comparable to the Company;
- (c) the experience level of the Named Executive Officer; and
- (d) the amount of time and commitment which the Named Executive Officer devoted to the Company and is expected to devote to the Company in the future.

The Corporate Governance and Compensation Committee annually reviews the base consulting fees payable to the Named Executive Officers based on the aforementioned criteria to ensure that compensation levels are competitive and fair.

Performance Bonus Payments

Performance bonuses are payable in cash or through equity-based compensation, and the amount payable is based on the Corporate Governance and Compensation Committee's assessment of the Company's performance for the year. Factors considered in determining bonus amounts generally include individual performance, financial criteria (such as successful financings, project management performance) and operational criteria (such as significant mineral property acquisitions, successful mineral property exploration and development, resource growth and the attainment of other corporate milestones).

In determining to award performance bonuses, including the amounts thereof, the Board of Directors uses its discretion and takes into consideration the Company's annual achievements, without assigning any quantifiable weight or factor in respect of any particular achievement or corporate milestone.

The Company did not award any bonuses during the 2013 financial year.

Equity Participation

The Company provides for equity participation in the Company through its Stock Option Plan. The granting of stock options is intended to encourage the maximization of shareholder value by better aligning the interests of the executive officers with the interests of shareholders.

During the financial year ended December 31, 2013, options to purchase an aggregate of 25,000 Common Shares were granted to the Named Executive Officers. During that year, options to purchase an aggregate of 775,000 Common Shares that were held by the Named Executive Officers were also amended by reducing the number of Common Shares exercisable under the options to 275,000 and their various exercise prices were reduced to \$0.16 per share and expiry dates were extended to June 25, 2018, subject to disinterested shareholder approval and TSX Venture Exchange ("TSX-V") approvals, which were obtained.

Option-based Awards

Options may be granted to purchase Common Shares on terms that the Board of Directors may determine, with recommendations from the Corporate Governance and Compensation Committee and subject to the limitations of the Company's prevailing stock option plan and the requirements of applicable regulatory authorities. The Corporate Governance and Compensation Committee is mandated to review and make recommendations to the Board regarding the remuneration of executive officers, the granting of stock options to directors, executive officers, employees and consultants of the Company, and compensation policies, including the stock option plan.

Individual grants of stock options are determined by an assessment of the individual's current and expected future performance, level of responsibilities, the importance of the proposed optionee's position and contribution to the Company, and previous option grants and exercise prices.

The Company has a new "rolling 10%" Stock Option Plan (the "New Option Plan"), which was adopted by the Board of Directors on April 11, 2014. The New Option Plan replaces and supersedes the Company's previous "fixed number" stock option plan that was originally adopted in May 2009 and that authorized the issuance of up to 3,850,000 Common Shares for options. The New Option Plan must be approved by the shareholders and re-approved on an annual basis by the shareholders at each annual general meeting of the Company as required by the policies of the TSX-V. See "Particulars of Matters to be Acted Upon—Approval of New "Rolling 10%" Stock Option Plan".

The New Option Plan includes the following provisions:

- The New Option Plan is administered by a "Committee" which means the Board of Directors of the Company or such committee of the Board of Directors that the Board of Directors has designated to administer the New Option Plan;
- Options may be granted to employees, directors, executive officers and consultants of the Company or of a subsidiary of the Company (and such other persons permitted by the TSX-V to be granted options) who are in the opinion of the Committee in a position to contribute to the success of the Company or any subsidiary of the Company or who, by virtue of their service to the Company or to any subsidiary of the Company (or to any predecessors of the Company or a subsidiary of the Company) are, in the opinion of the Committee, worthy of special recognition.
- Any options previously granted by the Company (the "Outstanding Options") which were outstanding as at April 11, 2014 were deemed to have been issued under and will be governed by the New Option Plan;
- The number of Common Shares to be reserved and authorized for issuance pursuant to options granted under the New Option Plan is 10% of the issued and outstanding Common Shares from time to time;
- The aggregate number of optioned Common Shares granted within a 12-month period to any one optionee must not exceed 5% of the issued and outstanding Common Shares;
- The number of optioned Common Shares granted within a 12-month period to any one consultant must not exceed 2% of the issued and outstanding Common Shares;

- The aggregate number of optioned Common Shares granted within a 12-month period to optionees who are employed to provide investor relations activities must not exceed 2% of the issued and outstanding Common Shares of the Company;
- The aggregate number of optioned Common Shares granted within a 12-month period to insiders of the Company must not exceed 10% of the issued and outstanding Common Shares;
- The exercise price for options granted under the New Option Plan will not be less than the market price of the Common Shares less applicable discounts permitted by the TSX-V. The Company has followed the practice of granting all stock options at or above the market price of the Common Shares;
- Options may be exercisable for a term of up to ten years, subject to earlier termination in the event of death or the optionee's cessation of services to the Company or to extension if the expiry date is within a trading blackout period imposed by the Company to that date which is 10 business days after the trading blackout;
- Options granted under the New Option Plan are non-assignable and non-transferable, except by will or the laws of descent and distribution;
- Options granted to any optionee who is a director, executive officer, employee or consultant shall expire the earlier of: (a) that date which is 90 days after the optionee ceases to be in at least one of such categories unless an earlier date is provided for in the optionee's option agreement; and (b) the expiry of the option period. The Committee may extend the mentioned 90-day period in respect of any option for a specified period up to one year;
- For so long as the Common Shares are listed on the TSX-V, any Common Shares issued pursuant to the exercise of options that (a) were granted to an optionee who was a director, officer, promoter or significant shareholder of the Company; or (b) had an exercise price per share that was less than the market price, would be subject to a four-month hold period commencing on the date of grant of the option;
- The Committee may, in its discretion but subject to any necessary regulatory approvals, provide for the extension of the exercisability of an option for any period that is not beyond the applicable expiry date of the option, accelerate the vesting or exercisability of an option, eliminate or make less restrictive any restrictions governing an option, waive any restriction or other provision of the New Option Plan or an option or otherwise amend or modify the option in any manner that is either (a) not adverse to such optionee or (b) consented to by such optionee.
- The vesting schedule for each option shall be determined by the Committee at the time the option is granted and shall be specified in the option agreement in respect of the option; and
- If there is a takeover bid or tender offer made for all or any of the issued and outstanding Common Shares, then the Committee may, by resolution, permit all outstanding options to become immediately exercisable in order to permit the Common Shares issuable under such options to be tendered to such bid or offer.

Compensation Governance

The Company has established a Corporate Governance and Compensation Committee that is currently comprised of three members (Jonathan Dubois-Phillips, Steven B. Simpson and Graham Thody), all of whom are independent. These persons have the necessary experience to enable them to make decisions on the suitability of the Company's compensation policies or practices. See "Audit Committee Disclosure—Relevant Education and Experience". Steven B. Simpson also serves as a member of the compensation committee of Chemoil Energy Ltd.

The Corporate Governance and Compensation Committee's responsibilities, powers and operation in relation to compensation matters are described above under "Compensation Review Process".

At no time since the completion of the Company's financial year ended December 31, 2013, did the Company retain a compensation consultant or advisor to assist the Board of Directors or the Corporate Governance and Compensation Committee in determining compensation for any of the Company's directors or executive officers.

There is no restriction on Named Executive Officers or directors regarding the purchase of financial instruments including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. For the financial year ended December 31, 2013, no Named Executive Officer or director, directly or indirectly, purchased any financial instruments or employed a strategy to hedge or offset a decrease in market value of equity securities granted as compensation or held.

Summary Compensation Table

The following table is a summary of compensation paid to the Named Executive Officers in respect of the Company's financial years ended December 31, 2013, 2012 and 2011.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
J. SCOTT DREVER Chairman and President (acting as CEO) ⁽²⁾	2013	60,000 ⁽³⁾	Nil	25,026	Nil	Nil	Nil	Nil	85,026
	2012	80,000 ⁽³⁾	Nil	Nil	Nil	Nil	Nil	Nil	80,000
	2011	120,000 ⁽³⁾	Nil	Nil	Nil	Nil	Nil	Nil	120,000
BARNEY MAGNUSSON Chief Financial Officer	2013	45,000 ⁽⁴⁾	Nil	12,513	Nil	Nil	Nil	Nil	57,513
	2012	60,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	60,000
	2011	90,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	Nil	90,000

- (1) The grant date fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions: risk free interest rate of 1.84% (for 2013); expected share price volatility of 123% (for 2013); expected forfeiture rate of 1.21% (for 2013); expected option life of 5 years (for

2013); and expected dividend rate of nil. This methodology was chosen to be consistent with the fair value as determined in accordance with international accounting standards. In 2013, certain options held by the NEOs were surrendered and the remaining options were repriced and extended. The option repricings and extensions resulted in increased values for the related options as calculated using the Black-Scholes option pricing model. The amounts disclosed for 2013 represent or include the amounts resulting from the option repricings and exercise term extensions without deduction for the options surrendered.

- (2) As of February 28, 2014, Mr. Drever was appointed Chief Executive Officer of the Company and ceased to act as Chairman and President.
- (3) This amount was paid as consulting fees to Nemesis (as defined below), a management company wholly-owned by Mr. Drever. See below for further details. Such amounts represent all of the consulting fees paid to Nemesis which can be attributed to Mr. Drever's services as an executive officer of the Company. Amounts do not include applicable taxes. Mr. Drever also serves as a director of the Company and did not receive compensation for his services as a director.
- (4) This amount was paid as consulting fees to Adapa (as defined below), a management company wholly-owned by Mr. Magnusson. See below for further details. Such amounts represent all of the consulting fees paid to Adapa which can be attributed to Mr. Magnusson's services as an executive officer of the Company. Amounts do not include applicable taxes.

The Company engages Nemesis Enterprises Ltd. ("Nemesis"), a company wholly-owned by J. Scott Drever, to provide managerial, administrative and consulting services to the Company and, in particular, to provide the services of Mr. Drever to serve presently as an executive officer and a director of the Company. In January 2009, the Company entered into a new management consulting agreement with Nemesis (the "Nemesis Consulting Agreement") which established the annual base consulting fees payable to Nemesis at \$120,000 per year (plus applicable taxes), payable in equal monthly instalments. The Nemesis Consulting Agreement was renewed effective as of January 1, 2012 for a period of 3 years, expiring on December 31, 2014. Annual base consulting fees payable to Nemesis remained at \$120,000 during the start of 2012 until the end of April 2012. Effective as of May 1, 2012, Nemesis' annual base consulting fee was changed to \$60,000 per year (plus applicable taxes), subject to such increases or decreases as the Board of Directors may, in its discretion, determine from time to time.

In June 2010, the Company entered into a management agreement (the "Adapa Consulting Agreement") with Adapa Management Ltd. ("Adapa"), a company wholly-owned by Barney Magnusson, whereby the Company retained Adapa to provide executive, managerial and consulting services to the Company and, in particular, to provide the services of Mr. Magnusson to serve as Chief Financial Officer of the Company. In consideration for the services of Adapa, the Company agreed to pay Adapa consulting fees at the base rate of \$90,000 per year plus applicable taxes, payable in equal monthly instalments. The Adapa Consulting Agreement is for an initial three-year term commencing as of June 16, 2010, subject to a year by year extension unless earlier terminated in accordance with its terms. Effective as of May 1, 2012, the parties amended the Adapa Consulting Agreement to reduce the annual base consulting fee payable to Adapa to \$45,000 per year (plus applicable taxes), subject to such increases or decreases as the Board of Directors may, in its discretion, determine from time to time. For additional terms of each of the aforementioned management consulting agreements, see "Termination and Change of Control Benefits".

Incentive Plan Awards

Outstanding share-based awards and option-based awards

The following table sets forth all option-based awards and share-based awards outstanding at the end of the financial year ended December 31, 2013 with respect to the Named Executive Officers.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
J. Scott Drever	200,000 ⁽²⁾	0.16	June 25, 2018	Nil	N/A	N/A	N/A
Barney Magnusson	25,000 ⁽³⁾	0.16	May 14, 2018	Nil	N/A	N/A	N/A
	75,000 ⁽²⁾	0.16	June 25, 2018				

- (1) Represents the difference between the exercise price and the market value of the Common Shares underlying the options on December 31, 2013 (where market value is based on the TSX-V's closing price of \$0.135 per Common Share on that date).
- (2) As at December 31, 2013, 50% of these options had vested and an additional 25% will vest on each of June 25, 2014 and December 25, 2014.
- (3) As at December 31, 2013, 50% of these options had vested and an additional 25% will vest on each of May 14, 2014 and November 14, 2014.

Incentive plan awards – value vested or earned during the year

The following table sets forth the value of option-based awards and share-based awards which vested during the financial year ended December 31, 2013 and the value of non-equity incentive plan compensation (i.e. performance bonuses) earned during the financial year ended December 31, 2013 with respect to the Named Executive Officers.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
J. Scott Drever	Nil	N/A	Nil
Barney Magnusson	Nil	N/A	Nil

Pension Plan Benefits

The Company does not have a pension plan or deferred compensation plan.

Termination and Change of Control Benefits

Other than as described below, the Company does not have any contracts, agreements, plans or arrangements that provide for payments to or for the benefit of a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in a Named Executive Officer's responsibilities.

The Company entered into the Nemesis Consulting Agreement and the Adapa Consulting Agreement (each, a "Management Agreement") with Nemesis and Adapa, respectively (each a "Consultant") pursuant to which J. Scott Drever and Barney Magnusson provide their respective services acting as Chief Executive Officer (and a Director) and Chief Financial Officer of the Company, respectively. For further details on the Management Agreements, see "Compensation of Executive Officers and Directors—Summary Compensation Table".

Each Management Agreement provides that:

- (a) the Consultant may terminate its engagement with the Company upon three months' written notice to the Company, unless the Company is in material default under the agreement, in which event the Consultant may, if such default has not been cured by the Company within 15 days of notification of such default, terminate its engagement upon 30 days' written notice to the Company;
- (b) the Company may terminate its engagement with the Consultant (i) upon three months' written notice to the Consultant; or (ii) immediately upon written notice of said termination provided that the Company pays the Consultant an amount equal to one-half of the then applicable annual base rate consulting fee; however, this amount would be adjusted in the event of a change of control of the Company, as described below; and
- (c) the Company may terminate the agreement with immediate effect upon delivery of written notice to the Consultant and payment to the Consultant of an amount equal to one-half of the then applicable base rate per annum payable to the Consultant. If such termination were to occur as of December 31, 2013, Nemesis would have been paid the amount of \$30,000, and Adapa would have been paid the amount of \$22,500 pursuant to this provision.

Each Management Agreement also provides that in the event that there is a change of control of the Company (as defined below) and within six months after such event, the Company delivers written notice to the Consultant terminating its respective Management Agreement, the Company shall, upon the effective date of termination, pay to the Consultant the greater of (a) any remaining balance of the term of the Management Agreement at the then applicable base rate payable to the Consultant, and (b) an amount equal to two times the then applicable base rate. If such termination were to occur as of December 31, 2013, Nemesis would have been paid the amount of \$120,000, and Adapa would have been paid the amount of \$90,000 pursuant to this provision.

For the purposes of the Management Agreements, "change of control" means an occurrence (a) where less than 51% of the Board of Directors of the Company are composed of continuing directors; or (b) where any person or persons acting jointly or in concert acquires more than 50% of the total voting rights attached to all classes of

shares then outstanding in the Company having under all circumstances the right to vote on any resolution concerning the election of directors (a "Takeover"). For the purposes of the Management Agreements, a "continuing director" is a member of the Board of Directors of the Company on the day preceding the date of a Takeover, or a person who becomes a member of the Board of Directors of the Company subsequent to the date of the particular Management Agreement by the approval of at least a majority of the members of the Board of Directors who were members of the Board of Directors on the day preceding the date of a Takeover.

The Management Agreements also require each Consultant and associated Named Executive Officer to enter into a separate confidentiality and non-competition agreement with the Company. In particular, each Consultant and Named Executive Officer has agreed that commencing from the term of the Management Agreement and for a period of two years following termination thereof, such person shall not, either individually or with any other person, whether as principal, agent, shareholder, officer, advisor, manager, employee or otherwise, except with the Company's written consent:

- (a) acquire, lease or otherwise obtain or control any beneficial, direct or indirect interest in mineral rights or other rights or lands in any mineral property in which the Company holds or is negotiating to acquire an interest or within a distance of five kilometres from any point on the outer perimeter of any such property,
- (b) conduct any exploration or production activities or otherwise work on or in respect of any mineral property within a distance of five kilometres from any point on the outer perimeter of such property,
- (c) solicit, divert or hire away, or attempt to solicit, divert, or hire away, any independent contractor or any person employed by any member of the Company and its affiliates or persuade or attempt to persuade any such individual to terminate his or her contract or employment with any member of the Company and its affiliates, or
- (d) impair or seek to impair the reputation of any member of the Company and its affiliates, or impair or seek to impair any relationships that any member of the Company and its affiliates has with its employees, customers, suppliers, agents or other parties with which any member of the Company and its affiliates does business or has contractual relations.

If, notwithstanding the prohibition set forth in the preceding paragraphs, a Consultant or Named Executive Officer acquires, leases or otherwise obtains or controls any interest, directly or indirectly, in breach of any of the preceding paragraphs, such person shall notify the Company of such acquisition within the 30 days immediately following the date of such acquisition and the Consultant or Named Executive Officer shall agree, upon demand by the Company, to convey or cause to be conveyed such interest to the Company as soon as practicable thereafter.

Director Compensation

Director Compensation Table

The following table sets forth all amounts of compensation provided to the then directors of the Company (other than directors who are Named Executive Officers) during the financial year ended December 31, 2013. For directors who are Named Executive Officers, see “Compensation of Executive Officers and Directors—Summary Compensation Table”.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Donald Berkey	Nil	N/A	12,513	Nil	N/A	Nil	Nil
Lukas M. Maree	Nil	N/A	12,513	Nil	N/A	Nil	Nil
Steven B. Simpson	Nil	N/A	12,513	Nil	N/A	Nil	Nil
Graham C. Thody	Nil	N/A	12,513	Nil	N/A	Nil	Nil

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- (1) In 2013, certain options held by the non-executive directors were surrendered and remaining options were repriced and extended. The option repricings and extensions resulted in increased values for the related options as calculated using the Black-Scholes option pricing model so that the increased fair value of each option amended is estimated on the effective date of the amendment using the Black-Scholes option pricing model, with the following assumptions: risk free interest rate of 1.84% (for 2013); expected share price volatility of 123% (for 2013); expected forfeiture rate of 1.21% (for 2013); expected option life of 5 years (for 2013); and expected dividend rate of nil. This methodology was chosen to be consistent with the increased fair value as determined in accordance with international accounting standards. The amounts disclosed represent amounts resulting from the option repricings and exercise term extensions without deduction for the options surrendered.

The Company has no standard arrangement pursuant to which the non-executive directors of the Company are paid cash compensation by the Company for their services in their capacity as directors or committee members. No cash compensation was paid during the financial year ended December 31, 2013 to any non-executive director of the Company for services as a director.

Outstanding share-based awards and option-based awards

The following table sets forth all option-based awards and share-based awards outstanding at the end of the financial year ended December 31, 2013 with respect to the then directors who were not Named Executive Officers.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Donald Berkey	100,000 ⁽²⁾	0.16	June 25, 2018	Nil	N/A	N/A	N/A
Lukas M. Maree	100,000 ⁽²⁾	0.16	June 25, 2018	Nil	N/A	N/A	N/A
Steven B. Simpson	100,000 ⁽²⁾	0.16	June 25, 2018	Nil	N/A	N/A	N/A
Graham C. Thody	100,000 ⁽²⁾	0.16	June 25, 2018	Nil	N/A	N/A	N/A

(1) Represents the difference between the exercise price and the market value of the Common Shares underlying the options on December 31, 2013 (where market value is based on the TSX-V's closing price of \$0.135 per Common Share on that date).

(2) As at December 31, 2013, 50% of these stock options had vested and an additional 25% will vest on each of June 25, 2014 and December 25, 2014.

Incentive plan awards – value vested or earned during the year

The following table sets forth the value of option-based awards and share-based awards which vested during the financial year ended December 31, 2013 and the value of non-equity incentive plan compensation earned during the financial year ended December 31, 2013 with respect to the directors who are not Named Executive Officers.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Donald Berkey	Nil	N/A	Nil
Lukas M. Maree	Nil	N/A	Nil
Steven B. Simpson	Nil	N/A	Nil

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information on the Company's equity compensation plans under which Common Shares are authorized for issuance as at December 31, 2013.

EQUITY COMPENSATION PLAN INFORMATION

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 issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders ⁽¹⁾	1,250,000	\$0.46	2,123,000 ⁽¹⁾
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	1,250,000		2,123,000

- (1) As at December 31, 2013, the Company had a fixed number stock option plan pursuant to which a maximum of 3,850,000 Common Shares were issuable in respect of options granted or assumed under that plan. Available number of securities also reflects the issuance of 477,000 Common Shares under that plan further to option exercises.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, no director or executive officer of the Company, no proposed nominee for election as a director of the Company, no associate of any such director, executive officer or proposed nominee (including companies controlled by them), no employee of the Company or any of its subsidiaries, and no former executive officer, director or employee of the Company or any of its subsidiaries, is indebted to the Company or any of its subsidiaries (other than for "routine indebtedness" as defined under applicable securities legislation) or is indebted to another entity where such indebtedness is 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.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person (i.e. insider) of the Company, no proposed director of the Company, and no associate or affiliate of any informed person or proposed director has had any material interest, direct or indirect, in any transaction since January 1, 2013 or in any proposed transaction which has materially affected or would materially affect the Company.

MANAGEMENT CONTRACTS

The management companies of each of J. Scott Drever and Barney Magnusson provide managerial and consulting services to the Company pursuant to the Management Agreements, as described under “Summary Compensation Table” and “Termination and Change of Control Benefits” under “Compensation of Executive Officers and Directors”. In addition, a company wholly-owned by Eric Fier and a company wholly-owned by Ioannis Tsitos also provide managerial and consulting services to the Company and, in particular, the respective services of Mr. Fier as Chief Operating Officer of the Company and Mr. Tsitos as President of the Company upon terms and conditions similar to the Management Agreements. Other than as disclosed herein, no management functions of the Company are to any substantial degree performed by a person other than the directors or executive officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Approval of New “Rolling 10%” Stock Option Plan

On April 11, 2014, the Board of Directors adopted the New Option Plan which, subject to shareholder and regulatory approval, replaces the Company’s previous fixed number stock option plan. The New Option Plan is a “rolling 10%” stock option plan pursuant to which up to 10% of the Company’s issued and outstanding Common Shares from time to time may be reserved for issuance pursuant to stock options granted or subject to the New Option Plan. If the New Option Plan is approved by the shareholders, all issued and outstanding stock options under previous stock option plans of the Company will be governed by and assumed under the New Option Plan.

A complete copy of the New Option Plan is set out in Appendix C to this Information Circular. For a summary of the material features of the New Option Plan, see “Compensation of Executive Officers and Directors—Option-based Awards”.

At the Meeting, shareholders are requested to consider and, if thought fit, to approve, ratify and confirm the adoption of the New Option Plan. The text of the proposed resolution is as follows:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Company’s new Stock Option Plan (the “New Option Plan”), as set forth in Appendix C to the Company’s Information Circular dated April 30, 2014, be and it is hereby approved as the Company’s new stock option plan, and that the Board of Directors of the Company be authorized to make any changes thereto as may be required by the TSX Venture Exchange;
2. Any officer or director of the Company is authorized and directed to execute and deliver all such documents and instruments and to do all such acts as in the opinion of such officer or director may be necessary or desirable to give effect to this resolution; and
3. Notwithstanding any of the foregoing, the Board of Directors of the Company is hereby authorized, at its sole discretion and without further approval of or notice to the shareholders of the Company, to revoke this ordinary resolution at any time prior to having received the TSX Venture Exchange’s final acceptance of the New Option Plan,

and for greater certainty, this ordinary resolution shall be revoked if the Exchange does not approve of the New Option Plan.”

A simple majority of the votes cast at the Meeting (in person or by proxy) is required in order to pass the above resolution. If the above resolution in respect of the New Option Plan is not approved by the shareholders of the Company, the New Option Plan will terminate, the Conditional Stock Options (as defined below) will be cancelled, and the Company will revert to its previous “fixed number” stock option plan adopted in May 2009.

The New Option is subject to the final approval of the TSX-V.

Approval of Conditional Grant of Stock Options under New Option Plan

On April 11, 2014, the Board of Directors approved the grant of the following stock options (the “Conditional Stock Options”) to directors, officers, consultants and employees of the Company to purchase an aggregate of 1,050,000 Common Shares at an exercise price of \$0.24 per share for a term of five years expiring April 10, 2019:

Name of Optionee	Position with Company	Number of Optioned Shares
J. Scott Drever	Chief Executive Officer and Director	125,000
Ioannis Tsitos	President and Director	225,000
Graham C. Thody	Chairman and Director	50,000
Steven B. Simpson	Director	50,000
Jonathan Dubois-Phillips	Director	150,000
Barney Magnusson	Chief Financial Officer	125,000
N. Eric Fier	Chief Operating Officer	125,000
Bernard Poznanski	Corporate Secretary	25,000
Fred Cooper	Employee	50,000
Albert Wu	Consultant	25,000
Tom Keating	Employee	25,000
Kevin Pickett	Employee of subsidiary	25,000
Ian Moore	Employee of subsidiary	25,000
Nadia Dasrat	Employee of subsidiary	25,000
TOTAL		1,050,000

Subject to vesting, the Conditional Stock Options may not be exercised unless the New Option Plan has been approved by the shareholders of the Company and by the TSX-V.

The policies of the TSX-V require the Conditional Stock Options to be approved by the “disinterested” shareholders of the Company. Accordingly, in order for the Conditional Stock Options to become effective, the resolution must be passed by a majority of the votes cast at the Meeting (in person or by proxy), excluding the votes attaching to any Common Shares held by the optionees who were granted the Conditional Stock Options and their associates (which, as at April 28, 2014, total 5,593,016 Common Shares to the Company’s knowledge).

At the Meeting, shareholders are requested to consider and, if thought fit, to approve, ratify and confirm the grant of the Conditional Stock Options. The text of the proposed resolution is as follows:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Conditional Stock Options granted by the Company on April 11, 2014 to directors, officers, consultants and employees of the Company to purchase an aggregate of 1,050,000 Common Shares at \$0.24 per share until April 10, 2019, as described in the Company’s Information Circular dated April 30, 2014, be and they are hereby approved, ratified and confirmed.
2. Any officer or director of the Company is authorized and directed to execute and deliver all such documents and instruments and to do all such acts as in the opinion of such officer or director may be necessary or desirable to give effect to this resolution.”

If the above resolution is not approved, the Conditional Stock Options granted under the New Option Plan will be cancelled.

Reconfirmation of Shareholder Rights Plan

The Company’s current shareholder rights plan (the “Rights Plan”) was made effective on May 8, 2008 and was originally approved by the shareholders of the Company on June 26, 2008 and was first reconfirmed by the shareholders of the Company on June 15, 2011. In accordance with its terms, the Rights Plan will expire at the termination of the Meeting unless the shareholders of the Company reconfirm the Rights Plan. The Rights Plan will continue in effect so long as it is reconfirmed by the shareholders of the Company at every third annual general meeting thereafter. Accordingly, shareholders of the Company are being asked to reconfirm the Rights Plan at the Meeting.

A summary of the Rights Plan is contained in the Company’s information circular dated May 29, 2008, copies of which were previously distributed to shareholders for the Company’s 2008 annual meeting. A complete copy of the Rights Plan was also filed on SEDAR on May 9, 2008 and is accessible at www.sedar.com or may be obtained by sending a written request to the Chief Executive Officer of the Company at the Company’s head office located at Suite 501, 570 Granville Street, Vancouver, British Columbia V6C 3P1.

The text of the proposed resolution to reconfirm the Rights Plan is as follows:

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Company’s shareholder rights plan made effective as of May 8, 2008 and originally approved by the shareholders of the Company on June 26, 2008, is hereby approved, ratified and reconfirmed, and that the Board of Directors of the Company be authorized to make any changes thereto as may be required by the TSX Venture Exchange; and
2. Any officer or director of the Company is authorized and directed to execute and deliver all such documents and instruments and to do all such acts as in the opinion of such officer or director may be necessary or desirable to give effect to this resolution.”

A simple majority of the votes cast at the Meeting (in person or by proxy) is required in order to pass the above resolution.

OTHER MATTERS

Management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of the Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Proxy form to vote the shares represented thereby in accordance with their best judgment on such matter.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Financial information relating to the Company is provided in the Company's comparative financial statements and management's discussion and analysis for its financial year ended December 31, 2013 which are available on SEDAR and may also be obtained by sending a written request to the Chief Executive Officer of the Company at the Company's head office located at Suite 501, 570 Granville Street, Vancouver, British Columbia V6C 3P1.

DATED as of the 30th day of April, 2014.

BY ORDER OF THE BOARD

"J. Scott Drever"

J. SCOTT DREVER
Chief Executive Officer

APPENDIX A

GOLDSOURCE MINES INC.

570 Granville Street, Suite 501
Vancouver, B.C., V6C 3P1

NOTICE OF CHANGE OF AUDITOR

(pursuant to NI 51-102, para. 4.11, s. 7)

TAKE NOTICE THAT:

1. Due to the fact that the management of **Goldsource Mines Inc.** (the “Reporting Issuer”) had formed a relationship with another accounting firm, Ernst & Young LLP, Chartered Accountants at the request of the Reporting Issuer, tendered their resignation as auditor, effective January 9, 2014.
2. The resignation of Ernst & Young LLP, Chartered Accountants as auditor for the Reporting Issuer (“former auditor”) and the appointment of Davidson & Company LLP Chartered Accountants of 1200 – 609 Granville Street Vancouver, B.C. V7Y 1G6 as the successor auditor (“successor auditor”) was considered and approved by the audit committee and the board of directors of the Reporting Issuer.
3. There were no modified opinions in the auditors' reports in the financial statements for the fiscal periods ended December 31, 2012 and December 31, 2011, being the two most recently completed audits. No audits were performed for any period subsequent to the last audited fiscal period.
4. In the opinion of the board of directors of the Company, no “reportable event” as defined in NI 51-102 has occurred in connection with the auditors of the two most recently completed financial years of the Company, nor any period from the most recently completed period or which Ernst & Young LLP, Chartered Accountants issued an audit report in respect of the Company and the date of this notice.

Dated: January 9, 2014

GOLDSOURCE MINES INC.

“Barney Magnusson”

BARNEY MAGNUSSON
Chief Financial Officer



Ernst & Young LLP
Pacific Centre
700 West Georgia Street
PO Box 10101
Vancouver, BC V7Y 1C7

Tel: +1 604 891 8200
Fax: +1 604 643 5422
ey.com

January 15, 2014

**British Columbia Securities Commission
Alberta Securities Commission
TSX Venture Exchange**

Dear Sirs/Mesdames:

**Re: Goldsource Mines Inc.
Change of Auditor Notice dated January 9, 2014**

Pursuant to National Instrument 51-102 (Part 4.11), we have read the above-noted Change of Auditor Notice and confirm our agreement with the information contained in the Notice pertaining to our firm.

Yours sincerely,

Ernst & Young LLP

ERNST & YOUNG LLP
Chartered Accountants

cc: The Board of Directors, Goldsource Mines Inc.

January 17, 2014

British Columbia Securities Commission

PO Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC
V7Y 1L2

Alberta Securities Commission

600, 250 – 5th Street S.W.
Calgary, AB
T2P 0R4

Dear Sirs / Mesdames:

Re: Goldsource Mines Inc. (the "Company")
Notice Pursuant to NI 51-102 - Change of Auditor

As required by the National Instrument 51-102 and in connection with our proposed engagement as auditor of the Company, we have reviewed the information contained in the Company's Notice of Change of Auditor, dated January 9, 2014, and agree with the information contained therein, based upon our knowledge of the information relating to the said notice and of the Company at this time.

Yours very truly,

Davidson + Company LLP

DAVIDSON & COMPANY LLP

Chartered Accountants

cc: TSX Venture Exchange



APPENDIX B

GOLDSOURCE MINES INC. (the Company”)

Audit Committee Charter

Mandate

The primary function of the audit committee (the “Committee”) is to assist the Board of Directors (“Board”) in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. The Committee’s primary duties and responsibilities are to:

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

Composition

The Committee shall be comprised of at least three directors as determined by the Board, all of whom shall be “independent” directors except as permitted by applicable securities regulatory guidelines (including applicable exemptions while the Company is a “venture issuer” within the meaning of applicable securities legislation). A quorum of the Committee shall be a majority of the members. Each member of the Committee will be a member of the Board. In the event of an equality of votes, the Chair of the Committee shall not have a second casting vote.

The members of the Committee shall be elected by the Board at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least once annually, or more frequently as circumstances dictate or as may be prescribed by securities regulatory requirements. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditor in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports

- (a) review and update, if applicable or necessary, this Audit Committee Charter annually;
- (b) review with management and the independent auditor the Company's annual and interim financial statements, management's discussion and analysis, any annual and interim earnings press releases and any reports or other financial information to be submitted to any governmental and/or regulatory body, or the public, including any certification, report, opinion, or review rendered by the external auditor for the purpose of recommending their approval to the Board prior to their filing, issue or publication. The Chair of the Committee may represent the entire Committee for purposes of this review in circumstances where time does not allow the full Committee to be available;
- (c) review analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
- (d) review the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Company;
- (e) review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditor, based on the terms of reference agreed upon by the external auditor and the Committee;
- (f) review expenses of the Board Chair, President, Chief Executive Officer and Chief Financial Officer annually; and
- (g) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.

2. External Auditor

- (a) review annually, the performance of the external auditor who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company;
- (b) obtain annually, a formal written statement of external auditor setting forth all relationships between the external auditor and the Company;
- (c) review and discuss with the external auditor any disclosed relationships or services that may have an impact on the objectivity and independence of the external auditor;
- (d) take, or recommend that the Board take, appropriate action to oversee the independence of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;

- (e) recommend to the Board the selection and, where applicable, the replacement of the external auditor nominated annually for shareholder approval;
- (f) recommend to the Board the compensation to be paid to the external auditor;
- (g) at each meeting, where desired, consult with the external auditor, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
- (i) review with management and the external auditor the audit plan for the year-end financial statements; and
- (j) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor. The authority to pre-approve non-audit services may be delegated by the Committee to one or more independent members of the Committee, provided that such pre-approval must be presented to the Committee's first scheduled meeting following such pre-approval. Pre-approval of non-audit services is satisfied if:
 - (i) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than 5% of the total amount of fees paid by the Company and subsidiaries to the Company's external auditor during the fiscal year in which the services are provided;
 - (ii) the Company or a subsidiary did not recognize the services as non-audit services at the time of the engagement; and
 - (iii) the services are promptly brought to the attention of the Committee and approved, prior to completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.

3. Financial Reporting Processes

- (a) in consultation with the external auditor, review with management the integrity of the Company's financial reporting process, both internal and external;
- (b) consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- (c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditor and management;
- (d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments;
- (e) following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

- (f) review any significant disagreement among management and the external auditor in connection with the preparation of the financial statements;
- (g) review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- (i) review certification process;
- (j) establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- (k) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

4. Other

- (a) review any material related party transactions;
- (b) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (c) to set and pay compensation for any independent counsel and other advisors employed by the Committee.

APPENDIX C

GOLDSOURCE MINES INC.

STOCK OPTION PLAN

(as adopted by the Board of Directors on April 11, 2014,
subject to approval by the shareholders of the Company and TSX Venture Exchange approval)

1. Objectives

The Plan is intended as an incentive to attract and retain qualified employees, Directors, Executive Officers and Consultants of the Company and its subsidiaries, to promote a proprietary interest in the Company and its subsidiaries among such persons, and to stimulate the active interest of such persons in the development and financial success of the Company and its subsidiaries.

2. Definitions

2.1 As used in the Plan, the terms set forth below shall have the following respective meanings:

- (a) **“Blackout Period”** has the meaning set out in section 8.6;
- (b) **“Board”** means the board of directors of the Company;
- (c) **“Business Day”** means a day on which banks are open for business in Vancouver, British Columbia, but does not include a Saturday, Sunday or statutory holiday in the Province of British Columbia;
- (d) **“Committee”** means the Board or such committee of the Board that the Board may, in accordance with section 3.1 hereof, designate to administer the Plan;
- (e) **“Company”** means Goldsource Mines Inc., a corporation existing under the *Business Corporations Act* (British Columbia);
- (f) **“Consultant”** means a person, other than an employee, Executive Officer or Director of the Company or of a subsidiary of the Company, that:
 - (i) is engaged to provide services to the Company or a subsidiary of the Company, other than services provided in relation to a distribution of securities,
 - (ii) provides the services under a written contract with the Company or a subsidiary of the Company,
 - (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Company or a subsidiary of the Company, and
 - (iv) has a relationship with the Company or a subsidiary of the Company that enables the person to be knowledgeable about the business and affairs of the Company or a subsidiary of the Company

and includes

- (v) for an individual Consultant, a corporation of which the individual Consultant is an employee or shareholder, and a partnership of which the individual Consultant is an employee or partner, and
 - (vi) for a consultant that is not an individual, an employee, Executive Officer or Director of the Consultant, provided that the individual employee, Executive Officer or Director spends or will spend a significant amount of time and attention on the affairs and business of the Company or a subsidiary of the Company.
- (g) **“Date of Grant”** means the date an Option is granted by the Committee to the Optionee, subject to any regulatory or other approvals or conditions;
- (h) **“Director”** means a member of the board of directors of the Company or of a subsidiary of the Company or an individual who performs similar functions for the Company or a subsidiary of the Company;
- (i) **“Disinterested Shareholder Approval”** means the approval by a majority of the votes cast by all shareholders of the Company at a shareholders’ meeting excluding votes attaching to shares beneficially owned by Insiders to whom Options may be granted under the Plan and their associates;
- (j) **“Employee”** means:
- (i) an individual who is considered an employee of the Company or its subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);
 - (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (k) **“Exchange”** means the TSX-V or any other principal stock exchange on which the Shares may be listed from time to time;
- (l) **“Executive Officer”** means an individual who is (a) a chair, vice-chair or president of the Company or of a subsidiary of the Company, (b) a vice-president in charge of a principal business unit, division or function of the Company or of a subsidiary of the Company, including sales, finance or production, or (c) performing a policy-making function in respect of the Company or a subsidiary of the Company;

- (m) **“Insider”** in relation to the Company means:
 - (i) a director or officer of the Company;
 - (ii) a director or officer of a company that is an Insider or subsidiary of the Company; or
 - (iii) a person that beneficially owns or controls, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares;
- (n) **“Investor Relations Activities”** means any activities, by or on behalf of the Company or a shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, except for such activities that the TSX-V specifically states to not be Investor Relations Activities;
- (o) **“Market Price”** in relation to a Share subject to an Option on the Date of Grant of the Option means the last closing price of the Shares on the Exchange before such Date of Grant;
- (p) **“Offer”** has the meaning set forth in section 8.3;
- (q) **“Option”** means an option to purchase Shares granted under or subject to the terms of the Plan, including the Pre-Plan Options;
- (r) **“Option Agreement”** means a written agreement between, and executed by, the Company and an Optionee that sets out the terms of an Option held by the Optionee as described in section 9;
- (s) **“Option Certificate”** means a certificate executed by the Company and delivered to an Optionee that sets out the terms of an Option held by the Optionee as described in section 9;
- (t) **“Option Period”** means the period during which an Option may be exercised;
- (u) **“Optionee”** means a person to whom an Option has been granted under the terms of the Plan or who holds an Option that is otherwise subject to the terms of the Plan;
- (v) **“Plan”** means this Stock Option Plan of the Company, as may be amended from time to time;
- (w) **“Pre-Plan Options”** has the meaning set forth in section 4.3;
- (x) **“Shares”** means common shares in the capital of the Company;
- (y) **“Significant Shareholder”** means a person holding securities of a company that carry more than 10% of the voting rights attached to that company’s securities both immediately before and after the transaction in which securities are issued, and who have elected or appointed or have the right to elect or appoint one or more directors or officers of that company; and
- (z) **“TSX-V”** means the TSX Venture Exchange or any successor stock exchange thereof.

3. **Administration of the Plan**

- 3.1 The Plan shall be administered by the Committee. With respect to Option grants to Directors of the Company, the Board shall serve as the Committee. With respect to any other Options the Board may specifically constitute a committee of two or more directors of the Company as the Board may designate from time to time to serve as the Committee for the Plan, all of the members of which shall be and remain directors of the Company. Notwithstanding the foregoing, the Board may resolve to be the Committee to administer the Plan with respect to all of the Plan or certain participants and/or awards made or to be made under the Plan.
- 3.2 The Committee shall have full and exclusive power to interpret the Plan, to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of the Plan, and to reserve and issue Shares issuable pursuant to the exercise of Options. The Committee may, in its discretion but subject to any necessary approvals of any stock exchange or regulatory body having jurisdiction over the securities of the Company, provide for the extension of the exercisability of an Option, accelerate the vesting or exercisability of any Option, eliminate or make less restrictive any restrictions contained in an Option, waive any restriction or other provision of the Plan or an Option or otherwise amend or modify an Option in any manner that is either (a) not adverse to the Optionee holding such Option or (b) consented to by such Optionee. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Option in the manner and to the extent the Committee deems necessary or desirable to carry it into effect. Any decision of the Committee in the interpretation and administration of the Plan shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned. No member of the Committee shall be liable for anything done or omitted to be done by such member, by any member of the Committee or by any officer of the Company in connection with the performance of any duties under the Plan, except for such member's own willful misconduct or as expressly provided by statute.
- 3.3 All administrative costs of the Plan shall be paid by the Company.

4. **Eligibility**

- 4.1 Options may be granted to Employees, Directors, Executive Officers, and Consultants of the Company or of a subsidiary of the Company (and such other persons permitted by the Exchange to be granted Options) who are in the opinion of the Committee in a position to contribute to the success of the Company or any subsidiary of the Company or who, by virtue of their service to the Company or to any subsidiary of the Company (or to any predecessors of the Company or a subsidiary of the Company) are, in the opinion of the Committee, worthy of special recognition. The granting of Options is entirely discretionary and nothing in this Plan shall be deemed to give any person any right to participate in this Plan or to be granted an Option and designation of an Optionee in any year shall not require the designation of such person to receive an Option in any other year. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the amount and terms of their respective Options.
- 4.2 For Options granted to Employees or Consultants, the Company and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Employee or Consultant, as the case may be

- 4.3 Any incentive stock options previously granted by the Company (the “Pre-Plan Options”) which remain outstanding as at April 11, 2014 will be deemed to have been issued under and will be governed by the terms of the Plan and, in the event of any inconsistency between the terms of the agreements governing the Pre-Plan Options and the terms of the Plan, the terms of such agreements shall govern. Any Shares issuable upon exercise of the Pre-Plan Options will be included for the purpose of calculating the amounts set out in sections 5 and 6 hereof.
- 4.4 Subject to any applicable regulatory approvals, Options may also be granted under the Plan in exchange for outstanding options granted by the Company, any predecessor corporation of the Company or any subsidiary of the Company, whether such outstanding options are granted under the Plan, under any other stock option plan of the Company, any such predecessor corporation or any such subsidiary, or under any stock option agreement with the Company, any such predecessor corporation or any such subsidiary.
- 4.5 Subject to any applicable regulatory approvals, Options may also be granted under the Plan in substitution for outstanding options of another company in connection with a plan of arrangement or exchange, amalgamation, merger, consolidation, acquisition of property or shares, or other reorganization between or involving such other company and the Company or any of its subsidiaries.

5. Number of Shares Reserved under the Plan

The maximum aggregate number of Shares issuable pursuant to the exercise of outstanding Options granted under or subject to the Plan, including Shares issuable upon exercise of the Pre-Plan Options, shall be 10% of the issued and outstanding Shares from time to time. Shares issuable under Options that have been cancelled or that have expired without being exercised continue to be issuable under the Plan.

6. Number of Optioned Shares per Optionee

The determination regarding the number of Shares that may be the subject of Options granted to each Optionee pursuant to an Option will be made by the Committee and will take into consideration the Optionee’s present and potential contribution to the success of the Company and applicable legal and regulatory requirements and, if and for so long as the Shares are listed on the TSX-V, shall be subject to the following limitations:

- (a) Subject to sections 6(b) and 6(c), an Option may not be granted under the Plan if such Option, together with all of the Company’s previously established and outstanding stock option plans or grants, could result at any time in:
 - (i) the grant to Insiders (as a group), within a 12-month period, of an aggregate number of Options exceeding 10% of the issued and outstanding Shares (determined at the Date of Grant); or
 - (ii) the aggregate number of Options granted to any one Optionee (and companies wholly owned by that Optionee) within a 12-month period exceeding 5% of the issued and outstanding Shares (determined at the Date of Grant);
- (b) The aggregate number of Shares subject to Options granted to any one Consultant in a 12-month period must not exceed 2% of the issued and outstanding Shares (determined at the Date of Grant);

- (c) The aggregate number of Shares subject to Options granted to all Optionees retained or employed to provide Investor Relations Activities must not exceed 2% of the issued and outstanding Shares in any 12-month period (determined at the Date of Grant); and
- (d) Subject to any longer vesting period as may be set out in the related Option Agreement or Option Certificate, an Option granted to a Consultant performing Investor Relations Activities shall vest in stages over 12 months with no more than 25% of the Shares subject to the Option vesting in any three-month period.

7. **Price**

- 7.1 The exercise price per Share subject to an Option shall be determined by the Committee at the time the Option is granted, provided that the exercise price shall not be less than the Market Price or such other minimum exercise price as may be required or permitted by the Exchange.
- 7.2 Subject to applicable regulatory requirements and approval, the Committee may, without shareholder approval, reprice the prevailing exercise price of an Option. Any reduction in the exercise price of an Option held by an Optionee who is an Insider at the time of the proposed amendment is, however, subject to Disinterested Shareholder Approval if and as may be required by the Exchange.

8. **Term and Exercise of Options**

- 8.1 The Option Period shall be determined by the Committee at the time the Option is granted and may be up to ten years from the Date of Grant, except as the same may be reduced pursuant to the provisions of section 10. Subject to the applicable maximum Option Period provided for in this section 8.1 and subject to applicable regulatory requirements and approvals, the Committee may extend the Option Period for an Option.
- 8.2 The vesting schedule for each Option shall be determined by the Committee at the time the Option is granted and shall be specified in the Option Agreement or Option Certificate in respect of the Option.
- 8.3 Notwithstanding the foregoing provision of this section 8:
 - (a) if there is a takeover bid or tender offer (the “Offer”) made for all or any of the issued and outstanding Shares, then the Committee may, by resolution, permit all Options outstanding to become immediately exercisable in order to permit the Shares issuable under such Options to be tendered to the Offer. Any such exercise of the Option shall be deemed to occur immediately before the later of the completion of the Offer and the payment of Shares taken up by the offeror under the Offer. For greater certainty, however, if, for any reason:
 - (i) the Offer is not completed within the time specified therein, or
 - (ii) all of the Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,
 then the Shares received upon such exercise or, in the case of section 8.3(a)(ii), the Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and, with respect to such

returned Shares, the Option will be reinstated as if it had not been exercised and the terms upon which such Shares were to become vested pursuant to this section will be reinstated. If any Shares are returned to the Company under this section 8.3, the Company will immediately refund the exercise price to the Optionee for such Shares; and

- (b) if an Offer is made by an offeror at any time when an Option granted under the Plan remains unexercised, in whole or in part, the Committee may, by resolution and upon notifying each Optionee of full particulars of the Offer, declare all Shares issuable upon the exercise of Options granted under the Plan to be vested and declare that the expiry date for the exercise of all unexercised Options granted under the Plan be accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer.
- 8.4 The vested portion of Options will be exercisable, either all or in part, at any time after vesting. If less than all of the Shares included in the vested portion of any Option are purchased, the remainder may be purchased, subject to the Option's terms, at any subsequent time prior to the expiration of the Option Period.
- 8.5 The exercise of any Option will be contingent upon receipt by the Company of payment for the full exercise price of the Shares being purchased in cash by way of certified cheque or bank draft. No Optionee or the legal representatives, legatees or distributees of the Optionee will be, or will be deemed to be, a holder of any Shares subject to an Option under the Plan unless and until certificates or other instruments for such Shares are issued to the Optionee or such other persons under the terms of the Plan.
- 8.6 If the end of the Option Period (or any earlier expiry date pursuant to section 10) for any Option occurs during, or within 10 Business Days following the end of, a period in which the trading of the Shares is restricted by the policies of the Company or is otherwise restricted by a trading blackout period formally imposed by the Company (each a "Blackout Period"), then the last day of the Option Period (or exercise period) for the Option shall be automatically extended to that date which is 10 Business Days following the end of such Blackout Period (the "Extension Period"); provided that if an additional Blackout Period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Blackout Period so that the last day of the Option Period (or exercise period) for the Option shall be automatically further extended to that date which is 10 Business Days following the end of the last Blackout Period.

9. Option Agreement or Option Certificate

Upon the grant of an Option to an Optionee, the Company and the Optionee shall enter into an Option Agreement setting out the number of Shares subject to the Option, the exercise price per Share, the Option Period, and the vesting schedule for the Option (if any), and incorporating the terms and conditions of the Plan, any other requirements of applicable regulatory authorities, and such other terms and conditions as the Committee may determine are necessary or appropriate, subject to the terms of the Plan. Alternatively, upon the grant of an Option to an Optionee, the Company shall issue and deliver to the Optionee an Option Certificate (in lieu of an Option Agreement) which shall include the number of Shares subject to the Option, the exercise price per Share, the Option Period, and the vesting schedule for the Option (if any) and shall have attached thereto a copy of the Plan.

10. Effect of Termination of Employment or Death

- 10.1 Options granted under the Plan shall expire on the earlier of: (a) that date which is 90 days after the Optionee last ceases to be an employee, Director, Executive Officer or Consultant of the Company or a subsidiary of the Company unless an earlier date is provided for in the Option Agreement or Option Certificate with respect to the Optionee's Option, and (b) the expiry of the Option Period. The Committee may, in its sole discretion, extend the "90 days" referred to in clause (a) to a period not exceeding one year.
- 10.2 Notwithstanding section 10.1, in the event of the death of an Optionee while in service to the Company or a subsidiary of the Company, each outstanding Option held by the Optionee (to the extent then vested and not exercised) shall be exercisable until the earlier of (a) the expiration of one year following such death unless an earlier date is provided for in the Option Agreement or Option Certificate with respect to the Optionee's Option, and (b) the expiry of the Option Period of the Option, but only by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or by the laws of descent and distribution.
- 10.3 Notwithstanding the foregoing provisions of this section 10 and subject to any applicable regulatory approvals, the Committee may, in its discretion, provide for the extension of the exercisability of an Option for any period that is not beyond the applicable expiry date of the Option, accelerate the vesting or exercisability of an Option, eliminate or make less restrictive any restrictions governing an Option, waive any restriction or other provision of this Plan or an Option or otherwise amend or modify the Option in any manner that is either (a) not adverse to such Optionee or (b) consented to by such Optionee.

11. Adjustment in Shares Subject to the Plan

- 11.1 The exercise price for and the number of Shares covered by an Option will be adjusted, with respect to the then unexercised portion of the Option, by the Committee from time to time (on the basis of such advice as the Committee considers appropriate, including, if considered appropriate by the Committee, a certificate of the auditor of the Company) in the event and in accordance with the provisions and rules set out in this section 11. Any dispute that arises at any time with respect to any adjustment pursuant to such provisions and rules will be conclusively determined by the Committee, and any such determination will be binding on the Company, the Optionee and all other affected parties.
- (a) If a dividend is declared upon the Shares, payable in Shares (other than in lieu of dividends paid in the ordinary course), the number of Shares then subject to any Option shall be adjusted by adding to each such Share the number of Shares which would be distributable thereon if such Share had been outstanding on the date fixed for determining shareholders entitled to receive such stock dividend.
- (b) If the outstanding Shares are changed into or exchanged for a different number or kind of Shares or other securities of the Company or of another corporation, whether through an arrangement, amalgamation or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation, then there shall be substituted for each Share subject to any Option the number and kind of Shares or other securities of the Company or another corporation into which each outstanding Share shall be so changed or for which each such Share shall be exchanged.

- (c) If there is any change, other than as specified above in this section 11, in the number or kind of outstanding Shares or of any securities into which such Shares shall have been changed or for which they shall have been exchanged, then, if the Committee, in its sole discretion, determines that such change equitably requires an adjustment to be made in the number or kind of Shares then subject to any Option, an equitable adjustment shall be made in the number or kind of Shares, such adjustment shall be made by the Committee and be effective and binding for all purposes.
 - (d) If the Company distributes by way of a dividend, or otherwise, to all or substantially all holders of Shares, property, evidences of indebtedness or shares or other securities of the Company (other than Shares) or rights, options or warrants to acquire Shares or securities convertible into or exchangeable for Shares or other securities or property of the Company, other than as a dividend in the ordinary course, then, if the Committee, in its sole discretion, determines that such action equitably requires an adjustment in the exercise price of the Option or number of Shares subject to any Option, or both, such adjustment shall be made by the Committee and shall be effective and binding for all purposes.
- 11.2 In the case of any such substitution or adjustment as provided for in this section 11, the exercise price in respect of each Option for each Share covered thereby prior to such substitution or adjustment will be proportionately and appropriately varied, such variation shall generally require that the number of Shares or securities covered by the Option after the relevant event multiplied by the varied option exercise price be equal to the number of Shares covered by the Option prior to the relevant event multiplied by the original exercise price of the Option.
- 11.3 No adjustment or substitution provided for in this section 11 shall require the Company to issue a fractional share in respect of any Option. Fractional shares shall be eliminated.
- 11.4 The grant of an Option shall not affect in any way the right or power of the Company to effect adjustments, reclassifications, reorganizations, arrangements or changes of its capital or business structure, or to amalgamate, merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

12. Non-Assignability

All Options, benefits and rights accruing to any Optionee in accordance with the terms and conditions of the Plan are non-assignable and non-transferable, except as specifically provided in section 10.2 in the event of the death of the Optionee. During the lifetime of the Optionee, all such Options, benefits and rights may only be exercised by the Optionee.

13. Employment

Nothing contained in the Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with, or the provision of services to, the Company or any subsidiary of the Company, or interfere in any way with the right of the Company or any subsidiary of the Company to terminate the Optionee's employment or services at any time. Participation in the Plan by an Optionee is voluntary.

14. **Record Keeping**

The Company shall maintain a register in which shall be recorded or maintained:

- (a) the name and address of each Optionee;
- (b) the number of Shares subject to Options granted to each Optionee, the number of Shares issued to each Optionee upon the exercise of Options, and the number of Shares subject to Options remaining outstanding;
- (c) a copy of each outstanding Option Agreement or Option Certificate; and
- (d) such other information as the Committee may determine.

15. **Regulatory Approvals**

- 15.1 The Plan is subject to the approval of regulatory authorities having, or which may have, jurisdiction over the securities of the Company, and the Board is authorized to amend the text thereof from time to time in order to comply with any changes thereto required by such applicable regulatory authorities.
- 15.2 The obligation of the Company to issue and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchange or stock quotation system on which the Shares are listed for trading or quoted which may be required in connection with the authorization, issuance or sale of such Shares by the Company. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any exercise price for an Option paid to the Company shall be returned to the Optionee.

16. **Hold Periods, Securities Regulation and Tax Withholding**

- 16.1 If and for so long as the Shares are listed on the TSX-V and in addition to any resale restrictions under applicable securities laws, for Options (a) having an exercise price per Share that is less than the Market Price or (b) granted to an Optionee who is a Director, Executive Officer or Significant Shareholder of the Company, any Shares issued on the exercise of such Options will be subject to a four-month hold period commencing on the particular Date of Grant of the Option, and certificates or other instruments for the Shares will bear a restrictive legend setting out any such applicable hold period.
- 16.2 Where necessary to effect exemption from registration or distribution of the Shares under securities laws applicable to the securities of the Company, an Optionee shall be required, upon the acquisition of any Shares upon the exercise of Options, to acquire such Shares with investment intent (i.e. for investment purposes) and not with a view to their distribution, and to present to the Committee an undertaking to that effect in a form acceptable to the Committee. The Committee may cause a legend or legends to be placed upon any certificates or other instruments for the Shares to make appropriate reference to applicable resale restrictions. The Committee may take such other action or require such other action or agreement by such Optionee as may from time to time be necessary to comply with applicable securities laws. This provision shall in no way obligate the Company to undertake the registration or qualification of any Options or the underlying Shares under any securities laws applicable to the securities of the Company.

- 16.3 The Committee and the Company may take all such measures as they deem appropriate to ensure that the Company's obligations under the withholding provisions under income tax laws applicable to the Company and other provisions of applicable laws are satisfied with respect to the issuance of Shares pursuant to the Plan or the grant or exercise of Options under the Plan.
- 16.4 Issuance, transfer or delivery of certificates or other instruments for Shares purchased pursuant to the Plan may be delayed, at the discretion of the Committee, until the Committee is satisfied that the applicable requirements of securities and income tax laws have been met.

17. **Amendment and Termination of Plan**

The Board reserves the right to amend or terminate the Plan at any time without shareholder approval if and when it is advisable in the absolute discretion of the Board; provided, however, that no such amendment or termination shall adversely affect any outstanding Options granted under the Plan without the consent of the Optionee. Without limiting the generality of the foregoing, the Board may make the following types of amendments to the Plan without shareholder approval:

- (a) any amendment pertaining to the vesting provisions of each Option;
- (b) any amendment to the terms of the Plan relating to the effect of termination, cessation of employment, disability or death of an Optionee on the right to exercise Options;
- (c) any amendment as may be necessary or desirable to bring the Plan into compliance with securities, corporate or tax laws and the rules and policies of any stock exchange upon which the Shares are from time to time listed;
- (d) any amendment of a "housekeeping" nature including, but not limited to, amendments of a clerical, grammatical or typographical nature;
- (e) any amendment with respect to the administration of the Plan;
- (f) any amendment to correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (g) any amendment to the termination provisions of the Plan or any Option, other than an amendment extending the expiry date of such Option beyond its original expiry date;
- (h) any amendment to the class of eligible persons that may participate under the Plan; and
- (i) any other amendments, whether fundamental or otherwise, not requiring shareholder approval under applicable law or the rules, regulations and policies of any stock exchange on which the Company's shares are listed and of all securities commissions or similar securities regulatory authorities having jurisdiction over the Company.

Any amendment to the Plan shall also be subject to any necessary approvals of any stock exchange or regulatory body having jurisdiction over the securities of the Company and, where applicable, the approval of the shareholders of the Company (except where an amendment is made pursuant to section 15.1 or the foregoing sections 17(a) to (i)).

Notwithstanding anything in this section 17, if and for so long as the Shares are listed on the TSX-V, amendments to any of the following provisions of the Plan will be subject to shareholder approval (or Disinterested Shareholder Approval if required by the TSX-V):

- (a) persons eligible to be granted Options under the Plan;
- (b) the percentage of Shares that may be reserved under the Plan for issuance pursuant to the exercise of stock options;
- (c) the limitations under the Plan on the number of Options that may be granted to any one person or any category of persons (such as, for example, Insiders);
- (d) the method for determining the exercise price of Options;
- (e) the maximum term of Options; and
- (f) the expiry and termination provisions applicable to Options,

18. No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

19. General Provisions

- 19.1 Nothing contained in the Plan shall prevent the Company or any subsidiary of the Company from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the issuance of securities of the Company (subject to shareholder approval if such approval is required by applicable securities regulatory authorities) and such arrangements may be either generally applicable or applicable only in specific cases.
- 19.2 The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any Option Agreement or Option Certificate, and all determinations made and actions taken pursuant hereto shall be governed by and determined in accordance with the laws of the Province of British Columbia, Canada.
- 19.3 If any provision of the Plan or any Option is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Option, or would disqualify the Plan or any Option under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws or, if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Option, such provision shall be stricken as to such jurisdiction, person or Option and the remainder of the Plan and any such Option shall remain in full force and effect.
- 19.4 Neither the Plan nor any Option shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any subsidiary of the Company and an Optionee or any other person.
- 19.5 Headings are given to the sections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

20. Effectiveness of the Plan

The Plan shall be effective as of April 11, 2014, subject to its approval by the shareholders of the Company at the next general meeting of shareholders of the Company held after that date and subject to all necessary regulatory approvals pursuant to section 15 hereof. If and for so long as the Shares are listed on the TSX-V, the continued effectiveness of the Plan is subject to annual approval of the Plan by the shareholders of the Company at each subsequent annual general meeting of the Company and annual approval of the Plan by the TSX-V as soon as practicable following such shareholder approval.