

MANAGEMENT INFORMATION CIRCULAR

(Containing information as at March 7, 2017 unless indicated otherwise)

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Harvest Gold Corporation (the “**Company**”) for use at the annual general meeting (the “**Meeting**”) of its shareholders to be held on Tuesday, April 11, 2017 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

In this Circular, references to “the Company”, “Harvest”, “we” and “our” refer to **Harvest Gold Corporation**. “common shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold common shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company at nominal cost. The Company will bear all costs of this solicitation.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers and/or directors of the Company. **IF YOU ARE A SHAREHOLDER ENTITLED TO VOTE AT THE MEETING, YOU HAVE THE RIGHT TO APPOINT A PERSON OR COMPANY OTHER THAN EITHER OF THE PERSONS DESIGNATED IN THE PROXY, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND ACT FOR YOU AND ON YOUR BEHALF AT THE MEETING. YOU MAY DO SO EITHER BY INSERTING THE NAME OF THAT OTHER PERSON IN THE BLANK SPACE PROVIDED IN THE PROXY OR BY COMPLETING AND DELIVERING ANOTHER SUITABLE FORM OF PROXY.** If your common shares are held in physical form (ie. paper form) and are registered in your name, then you are a registered shareholder (“**Registered Shareholder**”). However, if, like most shareholders, you keep your common shares in a brokerage account, then you are a Beneficial Shareholder. The manner for voting is different for Registered Shareholders and Beneficial Shareholders. The instructions below should be read carefully by all shareholders.

Voting by Proxyholder

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

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified, the persons named in the Proxy will vote the common shares represented by the Proxy for the approval of such matter.

Registered Shareholders

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by:

- (a) completing, dating and signing the enclosed form of Proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), by mail or by hand to the 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1;
- (b) using a touch-tone phone to transmit voting choices to the following toll-free number 1-866-732-8683. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy form for the holder's account number and the Proxy control number; or
- (c) using the Internet through the website of the Company's transfer agent at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy form for the holder's account number and the Proxy control number.

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

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold common shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of common shares).

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

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

There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for "**Objecting Beneficial Owners**") and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for "**Non-Objecting Beneficial Owners**").

Pursuant to National Instrument 54-101 of the Canadian Securities Administrators, the Company is sending proxy-related materials directly to NOBOs, which materials will include a scannable Voting Instruction Form (a "**VIF**"). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and Internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

Management of the Company does not intend to pay for intermediaries to forward to OBOs under National Instrument 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and, in the case of an OBO, the OBO will not receive the materials unless the OBO's intermediary assumes the cost of delivery.

Every intermediary that mails proxy-related materials to Beneficial Shareholders has its own mailing procedures and provides its own return instructions to clients. Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their common shares are voted at the Meeting.

Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge mails a voting instruction form (the “**Broadridge VIF**”) which will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. The Broadridge VIF will appoint the same persons as the Company’s Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a shareholder of the Company), other than the persons designated in the Broadridge VIF, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the Broadridge VIF. The completed Broadridge VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **If you receive a Broadridge VIF, you cannot use it to vote common shares directly at the Meeting – the Broadridge VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the common shares voted.**

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

Alternatively, you can request in writing that your broker send you a legal Proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your common shares.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a Proxy may revoke it by executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder’s authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or to the address of the registered office of the Company at 1055 West Georgia Street, Suite 1500, Vancouver, British Columbia V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof.

A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as may be set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the “**Board**”) of the Company has fixed March 7, 2017 as the record date (the “**Record Date**”) for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their common shares voted at the Meeting.

As at the Record Date, there were 50,782,864 common shares issued and outstanding, each carrying the right to one vote.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders will have one vote, and on a poll every shareholder present in person or represented by a Proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common Share registered in that shareholder's name on the list of shareholders as at the Record Date, which is available for inspection during normal business hours at Computershare and will be available at the Meeting.

To the knowledge of the directors and executive officers of the Company, no persons or corporations beneficially owned, directly or indirectly, or exercised control or direction over, common shares carrying 10% or more of the voting rights attached to all outstanding common shares of the Company as at the Record Date.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

SETTING NUMBER OF DIRECTORS

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at five (5). The Board proposes that the number of directors be fixed at five (5). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at five (5).

ELECTION OF DIRECTORS

The term of office of each of the current directors expires at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the BC Business Corporations Act (the "BCBCA"), each director elected will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as a director (a "proposed director"), the province and country in which he is ordinarily resident, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years for new director nominees, the period of time during which each has been a director of the Company and the number of common shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment⁽¹⁾	Director Since	Common Shares Beneficially Owned or Controlled⁽¹⁾
Richard Mark⁽²⁾ British Columbia, Canada <i>Chairman, President, CEO and Director</i>	Self-employed management consultant providing management consulting services to public companies.	June 28, 2005	3,184,333 ⁽³⁾
Christopher P. Cherry British Columbia, Canada <i>CFO and Director</i>	Chartered Accountant and Certified General Accountant; self-employed management consultant providing management and accounting consulting services to public companies.	February 13, 2015	Nil
Edward Zablotny⁽²⁾ British Columbia, Canada <i>Director</i>	Retired compliance officer and trader.	October 23, 2015	50,000

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment ⁽¹⁾	Director Since	Common Shares Beneficially Owned or Controlled ⁽¹⁾
David Mosher ⁽²⁾ Nova Scotia, Canada <i>Director</i>	Mining executive and director with private and public resource companies in Australia, Canada, the United States, Russia, Asia and Africa	January 7, 2016	80,212
Joel Matheson Nova Scotia, Canada Director	Businessman and consultant.	August 10, 2016	1,183,512

- (1) The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) Denotes member of Audit Committee.
- (3) Of the 3,184,333 common shares held by Richard Mark, 80,000 common shares are held in trust for his daughter.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

Bankruptcies, Orders and Management Cease Trade Orders

Except as disclosed below, to the best of the Company's knowledge, as at the date of this Circular, and within the last 10 years before the date of this Circular, no proposed nominee for election as a director of the Company (or any of their personal holding companies) was a director or executive officer of any company (including the Company) acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Christopher P. Cherry, the CFO and a director of the Company, is the CFO and a director of Wolfeye Resource Corp. ("**Wolfeye**"). On August 7, 2013, the British Columbia Securities Commission (the "**BCSC**") and the Alberta Securities Commission (the "**Commissions**") issued a cease trade order (the "**CTO**") against Wolfeye, its directors, officers and insiders for failure of Wolfeye to file its audited financial statements and management's discussion & analysis and related certifications for the year ended March 31, 2013 (collectively, the "**Financial Materials**"). On August 8, 2013, trading in Wolfeye's common shares was suspended by the TSX Venture Exchange ("**TSXV**") for failure to file the Financial Materials. Wolfeye filed the Financial Materials with the Commissions and the CTO was lifted by the Commissions on September 26, 2013. Wolfeye applied to the TSXV to lift the trading suspension and, after satisfying all of the conditions of the TSXV, the suspension was lifted and trading in Wolfeye's common shares recommenced on October 30, 2013.

Mr. Cherry is also currently the CFO of Mexivada Mining Corp. (“**Mexivada**”). On October 29, 2010, at the request of management of Mexivada, the BCSC issued a CTO against the insiders of Mexivada for not filing comparative financial statements for its financial year ended June 30, 2010 and the related management’s discussion and analysis for the same period. The CTO was rescinded on November 30, 2010 and is no longer in effect. On October 31, 2011, at the request of management, the BCSC issued a CTO against the insiders of Mexivada for not filing comparative financial statements for its financial year ended June 30, 2011 and the related management’s discussion and analysis for the same period. The CTO was rescinded on November 24, 2011 and is no longer in effect. On October 31, 2012, at the request of management, the BCSC issued a CTO against the insiders of Mexivada for not filing comparative financial statements for its financial year ended June 30, 2012 and the related management’s discussion and analysis for the same period. The cease trade order is still in effect.

Mr. Cherry is also a director and officer of 1040426 BC Ltd., 1040433 BC Ltd., 1040440 BC Ltd., 1040442 BC Ltd. and Genix Pharmaceutical Corp., companies that are reporting issuers in the provinces of British Columbia and Alberta. On December 2, 2016, the BCSC issued a CTO against these companies, their directors, officers and insiders for failure to file audited financial statements and management’s discussion & analysis and related certifications for the year ended July 31, 2016. The CTO remains in effect. The BCSC also issued deficiency notices to each of 1040440 BC Ltd. and Genix Pharmaceutical Corp. for failure to file first quarter financial statements and management’s discussion & analysis for the period ended October 31, 2016. The deficiency notices remain in effect.

APPOINTMENT OF AUDITOR

Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, of Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, will be nominated at the Meeting for reappointment as auditor of the Company.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

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

The Audit Committee’s Charter

The Audit Committee has a charter. A copy of the Audit Committee charter is attached hereto as Schedule “A”.

Composition of the Audit Committee

The members of the audit committee are Richard Mark (Chair), Edward Zabloutny and David Mosher. Mr. Zabloutny and Mr. Mosher are independent members of the audit committee. Richard Mark, the Chairman, President and CEO of the Company, is not independent as he is an officer of the Company. All members of the audit committee are considered to be financially literate. The Company will reconstitute the audit committee at such time as an additional independent director is appointed to satisfy the independent director requirement of NI 52-110.

Relevant Education and Experience

Richard Mark

Richard Mark has over 28 years’ experience in the public market place. Mr. Mark has held leadership positions in various organizations over the last 40 years. In his public company life he has taken responsibility for securing financings, developing short and long term corporate goals, building cost-effective property development plans, creating effective communication platforms and overseeing regulatory functions in his Companies. Over the last 10 years he has led financing efforts in the raising of approximately \$80M. Mr. Mark is also the President and CEO of Pancontinental Gold Corporation.

Edward Zabloutny

Edward Zabloutny has worked at several brokerage firms for the duration of his career in both the compliance department and as a trader. Mr. Zabloutny was a Compliance Officer at Jordan Capital Markets Inc., which became Mackie Research Capital Corp., from October 2013 until June 2015. Previous to his position at Jordan Capital Markets Inc., Mr. Zabloutny

worked in the compliance department at Wolverton Securities from September 2009 to March 2013 and as a trader from September 2002 to May 2005.

David Mosher

Mr. Mosher is a mining executive with over thirty-five years experience in Australia, Canada, the United States, Russia, Asia and Africa. Over the past decade he has been active in the restructuring, financing and management of a number of resource companies, both private and public. Currently he is an independent director for five public companies.

From 1992 to 2008, Mr. Mosher was the President and CEO of High River Gold Mines Ltd., a Toronto Stock Exchange listed company involved in the exploration, development and production of gold. In late 1992 he negotiated a JV with TVX Gold Inc. to put the New Britannia Gold Mine in Manitoba, Canada into production, acquired a major equity interest in two producing Russian gold mines and completed a Mining Investment Agreement with the government of Burkina Faso allowing exploration, development and production on the advanced Taparko property. Mr. Mosher was responsible for equity financing of over \$300 million to support the company's growth from 1993, which included the development of two open pit mines: the Taparko Gold mine in Burkina Faso, West Africa and the Berezitovoye Gold mine in Russia.

Additionally, Mr. Mosher was the Project Manager of Pancontinental Mining Limited (PML) from 1972 to 1974, a joint venture between PML and Getty Oil, he led the team that discovered and outlined the world's largest uranium deposit at that time, the Jabiluka uranium project in the Northern Territory of Australia.

Each member of the Audit Committee has:

- an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably expected to be raised by the issuer's financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has the Audit Committee made any recommendations to the Board to nominate or compensate its auditor which were not adopted by the Board.

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

All services to be performed by the independent auditor of the Company must be approved in advance by the Audit Committee. The Audit Committee has considered whether the provisions of services other than audit services is compatible with maintaining the auditor's independence and has adopted a policy governing the provision of these services. This policy requires that pre-approval by the Audit Committee of all audit and non-audit services provide by any external auditor, other than any de minimus non-audit services allowed by applicable law or regulation.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, for the fiscal years ended March 31, 2016 and 2015, to the Company to

ensure auditor independence. Fees billed for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

Nature of Services	Fees Paid to Auditor in Fiscal Year Ended March 31, 2016	Fees Paid to Auditor in Fiscal Year Ended March 31, 2015
Audit Fees ⁽¹⁾	\$14,250	\$12,750
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	\$1,500	\$1,500
All Other Fees ⁽⁴⁾	Nil	Nil
Total:	\$15,750	\$14,250

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements, and fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its Audit Committee and in respect of its reporting obligations under NI 52-110 for the fiscal year ended March 31, 2015. This exemption exempts a "venture issuer" from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of that instrument, as would otherwise be required by NI 52-110.

CORPORATE GOVERNANCE

General

Corporate governance refers to the policies and structure of the Board of a company whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the Board from executive management and the adoption of policies to ensure the Board recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Effective June 30, 2005, National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 *Corporate Governance Guidelines* ("NP 58-201") were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Board facilitates its independent supervision over management by ensuring certain members of the Board are independent.

The current independent members of the Board are Edward Zabloutny, David Mosher and Joel Matheson. The non-independent members of the Board are Richard Mark, the Chairman, President and CEO of the Company and Christopher P. Cherry, the CFO of the Company.

Directorships

The following persons, who are directors of the Company, are directors of other reporting issuers:

Richard Mark

Reporting Issuer
Pancontinental Gold Corporation

Christopher P. Cherry

Reporting Issuer
1040426 BC Ltd.
1040433 BC Ltd.
1040440 BC Ltd.
1040442 BC Ltd.
Amador Gold Corp.
Blind Creek Resources Ltd.
Columbus Energy Limited

Reporting Issuer
Clydesdale Resources Inc.
Curlew Lake Resources Inc.
Essex Angel Capital Inc.
Genix Pharmaceutical Corp.
Duport Capital Ltd.
Golden Cariboo Resources Ltd
Harvest Gold Corporation

Reporting Issuer
Klondike Silver Corp.
Mexivada Mining Corp.
NRG Metals Inc.
Shoshoni Gold Ltd.
TNX Maverick Resources Inc.
Starr Peak Exploration Ltd.
Wellstar Energy Corp.

David Mosher

Reporting Issuer
Erdene Resource Development Corporation
Pelangio Exploration Inc.
Roscan Minerals Corporation
Pancontinental Gold Corporation

Orientation and Continuing Education

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

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 Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board as a whole determines compensation for the directors and the CEO.

Other Board Committees

At present, the only Board committee is the audit committee.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and the Board committee.

STATEMENT OF EXECUTIVE COMPENSATION

Executive Compensation

In this section “Named Executive Officer” (“NEO”) means the CEO, the CFO and each of the three most highly compensated executive officers, other than the CEO and the CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose total compensation exceeds \$150,000, as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year end.

Richard Mark, the Chairman, President and CEO, and Christopher P. Cherry, the CFO of the Company, are currently each an NEO of the Company for the purposes of the following disclosure.

Compensation Discussion and Analysis

The Board has not yet appointed a Compensation Committee. The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company’s senior management, with a view to fulfilling its responsibilities concerning executive and director compensation, reviewing director compensation, overseeing the Company’s base compensation structure and equity-based compensation programs, recommending compensation of the Company’s officers and employees, and evaluating the performance of officers generally, all in light of the Company’s annual goals and objectives.

The Company intends to formalize its compensation policies and practices and will take into consideration the implications of any risks associated with the Company’s compensation program.

Philosophy and Objectives

The compensation program for the Company’s senior management is designed to ensure that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining talented, qualified and effective executives; and
- (b) motivating the short and long-term performance of these executives.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company’s share option plan. Share options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted and competitive factors. The amounts and terms of options granted are determined by the Board.

Given the evolving nature of the Company's business, the Board will continue to review the overall compensation plan for senior management so as to continue to address the objectives identified above.

Option-Based Awards

The Company's share option plan is dated for reference May 18, 2012 and was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thus encourage their continuing association with the Company. See disclosure under the heading "*Particulars of Other Matters to be Acted Upon - Continuation of Share Option Plan*". Management proposes share option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require Board approval. The share option plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

Summary Compensation Table

The compensation paid to the NEOs during the Company's three most recently completed fiscal years ended March 31, 2016, 2015 and 2014 is as set out below and expressed in Canadian dollars unless otherwise noted.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)			
Richard Mark ⁽¹⁾ Chairman, President & CEO	2016	48,000	Nil	Nil	N/A	N/A	N/A	Nil	48,000
	2015	12,000	Nil	Nil	N/A	N/A	N/A	Nil	12,000
	2014	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
Christopher P. Cherry ⁽²⁾ CFO	2016	6,000	Nil	Nil	N/A	N/A	N/A	Nil	6,000
	2015	Nil	Nil	Nil	N/A	N/A	N/A	Nil	Nil
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Richard Mark has served as Chairman and CEO since October 20, 2005, and as President since February 13, 2015.

(2) Christopher P. Cherry has served as CFO since October 1, 2014.

Outstanding Share-based Awards and Option-based Awards

No share-based awards were granted as at the fiscal year ended March 31, 2016. Additionally, there were no option-based awards outstanding as at the fiscal year ended March 31, 2016, for any NEO.

Incentive Plan Awards – Value Vested or Earned During the Year

There was no value vested or earned under incentive plans during the fiscal year ended March 31, 2016, for any NEO.

See "*Securities Authorized for Issuance Under Equity Compensation Plans*" for further information on the Company's Share Option Plan.

Termination and Change of Control Benefits

The Company entered into a management services agreement dated October 1, 2008 with RJM and Associates ("**RJM**"), a company wholly-owned and controlled by Richard Mark, the Company's Chairman, President and CEO. Pursuant to the terms of the agreement, RJM provided management services to the Company and, Richard Mark fulfilled the role of Chairman and CEO in consideration for the Company paying RJM a monthly management fee of \$4,000 plus reasonable expenses. Effective April 1, 2013 Mark agreed that no further fees, until further notice, will be accrued under this agreement.

As of January 1 2015 the Company entered into a management services agreement with RJMARK Consulting Inc ("**RJMARK**"), a company wholly-owned and controlled by Richard Mark. Pursuant to the terms of the agreement, RJMARK provides management services to the Company and fulfils the role of Chairman, CEO and President in consideration for the Company paying RJMARK a monthly management fee of \$4,000 plus reasonable expenses. Termination of this contract is upon twelve months written notice or payment in lieu of notice, being payment of \$48,000.

There are no other contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in any NEO's responsibilities.

Director Compensation

There are no arrangements under which directors were compensated by the Company and its subsidiaries during the most recently completed financial year for their services in their capacity as directors or consultants, other than the granting of options to purchase common shares as set out below.

The following table sets out compensation provided to the directors of the Company as at the fiscal year ended March 31, 2016, excluding a director who is already set out in the disclosure for an NEO for the Company.

Name	Year	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Edward Zablotty ⁽¹⁾	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David Mosher ⁽²⁾	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Mr. Zablotty has served as a director of the Company since October 23, 2015.

(2) Mr. Mosher has served as a director of the Company since January 7, 2016.

Outstanding Share-based Awards and Option-based Awards

No share-based awards were granted as at the fiscal year ended March 31, 2016. Additionally, there were no option-based awards outstanding as at the fiscal year ended March 31, 2016, for any director, excluding a director who is already set out in the disclosure for an NEO for the Company.

Incentive Plan Awards – Value Vested or Earned During the Year

There was no value vested or earned under incentive plans during the Company's fiscal year ended March 31, 2016, for any director of the Company who is not already set out in disclosure for an NEO above.

See "Securities Authorized for Issuance Under Equity Compensation Plans" for further information on the Company's Share Option Plan.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has only one equity compensation plan in place, which is the share option plan approved by shareholders of the Company on June 26, 2012. See disclosure under heading "Particulars of Other Matters to be Acted Upon - Continuation of Share Option Plan" below.

The following table sets out equity compensation plan information as at the Company's fiscal year ended March 31, 2016.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) ⁽¹⁾ (c)
Equity compensation plans approved by securityholders - (the share option plan)	Nil	Nil	811,133
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total:	0	Nil	811,133

(1) Based on 8,111,325 common shares of the Company issued and outstanding as at the fiscal year ended March 31, 2016.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Company's management, no informed person (a director, officer or holder of 10% or more of the common shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the fiscal years ended March 31, 2016 and March 31, 2015, or has any interest in any material transaction in the current year other than as set out herein.

The Company incurred expenditures for various services provided by a director and officers of the Company during the fiscal year ended March 31, 2016 as follows:

1. The Company paid or accrued \$48,000 (March 2015 - \$) 12,000 in management fees to Richard Mark, the Chairman, President, CEO and a director of the Company.
2. The Company paid \$6,000 (March 2015 - \$3,000) in consulting fees to Christopher P. Cherry, CFO and director of the Company.

As at the fiscal year ended March 31, 2016, included in trade payables and accrued liabilities was \$69,267 (March 2015 - \$50,083) owing for fees owing to certain directors and officers of the Company

MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Company or its subsidiary.

PARTICULARS OF MATTERS TO BE ACTED UPON

Continuation of Share Option Plan

TSXV policy requires all of its listed companies to have a share option plan if the company intends to grant options. On May 18, 2012, the Board approved the adoption of a new share option plan (the "**Plan**") in order to comply with regulatory requirements of the TSXV. The Plan is a 10% maximum rolling plan. Options granted under the Plan are not exercisable for a period longer than 10 years and the exercise price must be paid in full upon exercise of the option. The Plan was approved by shareholders at the Company's Annual General and Special Meeting held on June 26, 2012.

Under TSXV policy, the continuation of the Plan requires annual shareholder approval at each annual meeting of the Company by ordinary resolution. The Board is of the view that the Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in compensation with other companies in the industry.

The Plan is subject to the following restrictions:

- (a) The Company must not grant an option to a director, employee, consultant, or consultant company (the "**Service Provider**") in any 12 month period that exceeds 5% of the outstanding shares, unless the Company has obtained by a majority of the votes cast by the shareholders of the Company eligible to vote at a shareholders' meeting, excluding votes attaching to shares beneficially owned by Insiders and their Associates ("**Disinterested Shareholder Approval**");
- (b) The aggregate number of options granted to a Service Provider conducting Investor Relations Activities in any 12-month period must not exceed 2% of the outstanding shares calculated at the date of the grant, without the prior consent of the TSXV;

- (c) The Company must not grant an option to a Consultant in any 12-month period that exceeds 2% of the outstanding shares calculated at the date of the grant of the option;
- (d) The number of optioned shares issued to insiders in any 12-month period must not exceed 10% of the outstanding shares (in the event that the Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so; and
- (e) The exercise price of an option previously granted to an insider must not be reduced, unless the Company has obtained disinterested shareholder approval to do so.

Material Terms of the Plan

The following is a summary of the material terms of the Plan:

- (a) Persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of options under the Plan;
- (b) Options granted under the Plan are non-assignable and non-transferable and are issuable for a period of up to 10 years;
- (c) For options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its affiliates;
- (d) An Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Company, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;
- (e) If an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;
- (f) In the case of an Optionee being dismissed from employment or service for cause, such Optionee's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (g) The exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the Plan);
- (h) Vesting of options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Company or its affiliates during the vesting period; and
- (i) The Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Plan with respect to all Plan shares in respect of options which have not yet been granted under the Plan.

Shareholder Approval

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

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT the Company's Share Option Plan dated for reference May 18, 2012 be and is hereby ratified and approved until the next annual meeting of the Company.”

An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

The Board recommends that you vote in favour of the above ordinary resolution. In the absence of a contrary instruction, the persons named in the enclosed form of proxy intend to vote in favour of the resolution.

The Board is of the view that the Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in competition with other companies in the industry. A copy of the Plan will be available for inspection at the Meeting. A shareholder may also obtain a copy of the Plan by contacting the Secretary of the Company at telephone number 604.682.2928.

ADDITIONAL INFORMATION

Financial information is provided in the audited financial statements of the Company for the fiscal year ended March 31, 2016 and in the related management discussion and analysis (together, the “**Financial Statements**”). The Financial Statements were filed on SEDAR on July 29, 2016 at www.sedar.com and will be placed before the Meeting. [Z – you can check SEDAR to see the filing date for any document on SEDAR]

Additional information relating to the Company and a copy of the Financial Statements may be obtained at www.sedar.com, and upon request from the Company at Suite 804-750 West Pender Street, Vancouver, BC, V6C 2T7, telephone: (604) 682-2928 or fax: (604) 685-6905. Copies of the above documents will be provided, upon request, free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

SCHEDULE “A”

HARVEST GOLD CORPORATION (the “Company”)

AUDIT COMMITTEE CHARTER

1. Mandate

The audit committee will assist the board of directors (the “**Board**”) in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the Company’s business, operations and risks.

2. Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

2.2 Expertise of Committee Members

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company’s CFO and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor’s report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors’ proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors’ assertion of their independence in accordance with professional standards.

4.2 Internal Control

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and
- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 Financial Reporting

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (f) review and approve the interim financial statements prior to their release to the public; and
- (g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

- (a) the audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (b) The audit committee may satisfy the requirement for the pre-approval of nonaudit services if:

- i. the aggregate amount of all non-audit services that were not preapproved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
- ii. the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (c) the audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - i. the pre-approval policies and procedures are detailed as to the particular service;
 - ii. the audit committee is informed of each non-audit service; and
 - iii. the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 Other Responsibilities

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 Reporting Responsibilities

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

5. Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

6. Guidance – Roles & Responsibilities

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

6.1 Internal Control

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;

- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 Financial Reporting

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- (d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;
- (f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (g) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (h) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

- (i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (j) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - i. actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - ii. changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the Company's operations and financing practices;
 - iii. generally accepted accounting principles have been consistently applied;
 - iv. there are any actual or proposed changes in accounting or financial reporting practices;
 - v. there are any significant or unusual events or transactions;
 - vi. the Company's financial and operating controls are functioning effectively;

- vii. the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
- viii. the interim financial statements contain adequate and appropriate disclosures.

6.3 Compliance with Laws and Regulations

- (a) periodically obtain updates from management regarding compliance with this policy and industry “best practices”;
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 Other Responsibilities

- (a) review, with the Company’s counsel, any legal matters that could have a significant impact on the Company’s financial statements.