

INFORMATION CIRCULAR

FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON DECEMBER 3, 2019

This information is given as of October 29, 2019 unless otherwise noted.

SOLICITATION OF PROXIES

This Information Circular is provided to registered and beneficial owners of the Company's shares in connection with the solicitation of proxies by the management of **K2 GOLD CORPORATION** (the "**Company**") for use at the Annual General Meeting (the "**Meeting**") of the shareholders of the Company, to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof. This Information Circular and other proxy-related materials are not provided to registered or beneficial owners of the Company's shares under the notice and access provisions of National Instrument 54-101.

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

PERSONS OR COMPANIES MAKING THE SOLICITATION

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

APPOINTMENT AND REVOCATION OF PROXIES

This Information Circular is accompanied by a management instrument of proxy that permits registered shareholders who do not attend the Meeting in person to have their shares voted at the Meeting by a proxyholder appointed by the registered shareholder. The persons named in the accompanying instrument of proxy are directors or officers of the Company. **A shareholder has the right to appoint a person to attend and act for him on his behalf at the Meeting other than the persons named in the enclosed instrument of proxy. To exercise this right, the shareholder must strike out the names of the persons named in the instrument of proxy and insert the name of his nominee in the blank space provided, or complete another instrument of proxy.**

The completed instrument of proxy must be dated and signed and the duly completed instrument of proxy must be deposited at the Company's transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays, Sundays and holidays.

The instrument of proxy must be signed by the shareholder or by his duly authorized attorney. If signed by a duly authorized attorney, the instrument of proxy must be accompanied by the original power of attorney or a notarially certified copy thereof. If the shareholder is a corporation, the instrument of proxy must be signed by a duly authorized attorney, officer, or corporate representative, and must be accompanied by the

original power of attorney or document whereby the duly authorized officer or corporate representative derives his power, as the case may be, or a notarially certified copy thereof. The Chairman of the Meeting has discretionary authority to accept proxies that do not strictly conform to the foregoing requirements.

In addition to revocation in any other manner permitted by law, a shareholder may revoke a proxy by (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid, (b) signing and dating a written notice of revocation (in the same manner as the instrument of proxy is required to be executed as set out in the notes to the instrument of proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) registering with the scrutineer at the Meeting as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked.

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

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

In the absence of any direction in the instrument of proxy, it is intended that such shares will be voted in favour of the resolutions placed before the Meeting by management and for the election of the management nominees for directors and auditor, as stated under the headings in this Information Circular. The instrument of proxy enclosed, when properly completed and deposited, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters that may be properly brought before the Meeting. At the time of printing of this Information Circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any such amendments, variations or other matters should properly come before the Meeting, the proxies hereby solicited will be voted thereon in accordance with the best judgement of the nominee.

ADVICE TO BENEFICIAL HOLDERS OF SHARES

The following information is of significant importance to shareholders who do not hold 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 shares).

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

Intermediaries are required to seek voting instructions from beneficial shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients. 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”).

The Company is taking advantage of the provisions of National Instrument 54-101 of the Canadian Securities Administrators, which permit it to directly deliver proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form (a “VIF”) from Computershare. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone and internet voting options, as described in the VIF. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions with respect to the shares represented by the VIFs they receive.

These securityholder materials are being sent to both registered and certain 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 shares 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 delivering these materials to you and executing your proper voting instructions. Please return your voting instructions by completing and returning the enclosed VIF in accordance with the instructions contained in the VIF.

Beneficial shareholders who are OBOs will not receive the materials unless their intermediary assumes the costs of delivery. In the event that voting instructions are requested from OBOs, such instructions will typically be sought by the shareholder receiving either a form of proxy or a voting instruction form. If a form of proxy is supplied to you by your broker, it 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. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in Canada and the United States. Broadridge obtains voting instructions by mailing a voting instruction form (the “Broadridge VIF”) which appoints 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 beneficial 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 shares to be represented at the Meeting.

If you plan to vote in person at the Meeting:

- nominate yourself as the appointee to attend and vote at the Meeting by printing your name in the space provided on the enclosed voting instruction form. Your vote will be counted at the Meeting so do NOT complete the voting instructions on the form;
- sign and return the form, following the instructions provided by your nominee; and
- register with the Scrutineer when you arrive at the Meeting.

You may also nominate yourself as appointee online, if available, by typing your name in the “Appointee” section on the electronic ballot.

If you bring your voting instruction form to the Meeting, your vote will not count. Your vote can only be counted if you have completed, signed and returned your voting instruction form in accordance with the instructions above and attend the Meeting and vote in person.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value. On October 29, 2019 (the “Record Date”), 43,866,634 common shares were issued and outstanding, each common share carrying the right to one vote. At a general meeting of the Company, on a show of hands, every common shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each common share of which he is the holder.

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

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

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Information Circular, “informed person” means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

Other than as disclosed elsewhere in this Information Circular, no informed person, no proposed director of the Company and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Company's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

VOTES NECESSARY TO PASS RESOLUTIONS

Under the Company's Articles, the quorum for the transaction of business at a meeting of shareholders is two shareholders entitled to vote at the meeting, whether in person or by proxy, who hold, in the aggregate, at least 5% of the issued shares entitled to be voted at the Meeting. A simple majority of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required in order to pass an ordinary resolution. A majority of at least two-thirds of the votes of those shareholders who are present and vote either in person or by proxy at the Meeting is required to pass a special resolution.

STATEMENT OF EXECUTIVE COMPENSATION

Definitions

For the purpose of this Information Circular:

"CEO" means each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;

"CFO" means each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;

"compensation securities" includes stock options, convertible securities, exchangeable securities and similar instruments, including stock appreciation rights, deferred share units and restricted stock units, granted or issued by the Company or any of its subsidiaries for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries;

"Named Executive Officer" or **"NEO"** means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer, other than the CEO and the CFO, at the end of the most recently completed financial year whose total compensation exceeded \$150,000, calculated as prescribed, for that financial year;
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

Compensation Excluding Compensation Securities

Particulars of compensation, excluding compensation securities, paid to each NEO and director in the two most recently completed financial years is set out in the table below. There were no other executive officers of the Company, or any of its subsidiaries, whose total compensation was, individually, more than \$150,000 for the financial year ended December 31, 2018.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer, commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Stephen Swatton ⁽¹⁾ <i>President, CEO & Director</i>	2018	\$150,000	Nil	Nil	Nil	Nil	\$150,000
	2017	\$150,000	Nil	Nil	Nil	Nil	\$150,000
Robert Scott ⁽¹⁾ <i>CFO</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	N/A	N/A	N/A	N/A	N/A	N/A
John Robins <i>Chairman & Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Frederic Leigh <i>Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Craig Roberts <i>Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil

1 Mr. Swatton and Mr. Scott were paid consulting fees pursuant to consulting agreements as disclosed under "Employment, consulting and management agreements" below.

Stock Options and Other Compensation Securities

Particulars of compensation securities granted or issued to each NEO and director in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries is set out in the table below:

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date

Stephen Swatton <i>President, CEO & Director</i>	Stock Options	150,000	May 1, 2017	0.30	0.335	0.225	May 1, 2022
		50,000	June 12, 2017	0.30	0.45	0.225	June 12, 2022
Robert Scott <i>CFO</i>	Stock Options	75,000	May 1, 2017	0.30	0.335	0.225	May 1, 2022
John Robins <i>Chairman & Director</i>	Stock Options	150,000	May 1, 2017	0.30	0.335	0.225	May 1, 2022
Frederic Leigh <i>Director</i>	Stock Options	150,000	May 1, 2017	0.30	0.335	0.225	May 1, 2022
Craig Roberts <i>Director</i>	Stock Options	150,000	May 1, 2017	0.30	0.335	0.225	May 1, 2022

As at the financial year ended December 31, 2018, there were no other compensation securities held by any director or NEO, except as disclosed in the table above.

No compensation securities were re-priced, cancelled or replaced, extended or otherwise materially modified during the most recently completed financial year.

Exercise of Compensation Securities by Directors and NEO's

No compensation securities were exercised by any director or NEO during the financial year ended December 31, 2018.

Stock Option Plans and Other Incentive Plans

The Company has in place a Share Option Plan dated for reference February 14, 2012 as amended on January 3, 2017 (the "Plan") for the benefit of directors, officers, employees, management company employees and consultants of the Company. The Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine. The key features of the Plan are as follows:

- (a) the maximum aggregate number of common shares that may be reserved for issuance under the Plan and all other share compensation arrangements of the Company is 10% of the issued and outstanding common shares of the Company at the time of grant;
- (b) if the common shares of the Company are listed for trading on the TSX Venture Exchange (the "TSXV"), the following restrictions on issuances of options are applicable under the Plan:
 - (i) no optionee can be granted an option if that option would result in the total number of options, together with all other share compensation arrangements granted to such optionee in the previous 12 months, exceeding 5% of the issued and outstanding common shares of the Company (unless disinterested shareholder approval is obtained);
 - (ii) the aggregate number of options granted to optionees conducting investor relations

activities in any 12-month period must not exceed 2% of the issued and outstanding common shares of the Company, without the prior consent of the TSXV; and

- (iii) the aggregate number of options granted to any one consultant in any 12-month period must not exceed 2% of the issued and outstanding common shares of the Company, calculated at the time of grant, without the prior consent of the TSXV;
- (c) if the common shares of the Company are listed for trading on the Toronto Stock Exchange (the "TSX"), then, notwithstanding anything in the Plan to the contrary, the aggregate number of common shares that may be issued to insiders of the Company pursuant to options granted under the Plan and under any other share compensation arrangement within any one-year period, must not exceed 10% of the issued and outstanding common shares of the Company;
- (d) the exercise price of an option issued under the Plan is determined by the directors, but cannot be less than the closing market price of the Company's shares on the day preceding the date of granting of the option less any available discount, if the common shares of the Company are listed for trading on the TSXV, or the market price the day before the grant of the common shares as reported by the TSX at the time such option is granted, if such shares are listed for trading on the TSX;
- (e) the term of each option will be determined by the Board of Directors, provided that, an option can only be exercisable for a maximum of ten years;
- (f) notwithstanding item (e) above, if the expiry date of an option occurs:
 - (i) within a Blackout Period (as defined in the Plan), the expiry date will be extended to the date which is ten business days after expiry of the Blackout Period; or
 - (ii) immediately following a Blackout Period, the expiry date will be extended to the date which is ten business days after expiry of the Blackout Period less the number of business days between the expiry date of the option and the date on which the Blackout Period ends;
- (g) options may terminate prior to expiry of the option term in the following circumstances:
 - (i) on death of an optionee, any option held by such optionee at the date of death may be exercised 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 expiry date otherwise applicable to such option;
 - (ii) if the common shares are listed for trading on the TSXV, then options granted to an optionee may be exercised until the earlier of 90 days after the date the optionee ceases to be a director, officer, employee, management company employee or consultant or such longer time period as the Board of Directors may determine, to a maximum of twelve months, and the expiry date otherwise applicable to such option;
 - (iii) if the common shares are listed for trading on the TSX, then, except as otherwise expressly approved by the Board of Directors for the specific option in question, options granted to an optionee may be exercised until the earlier of one year after the date the optionee ceases to be a director, officer, employee, management company

employee or consultant and the expiry date otherwise applicable to such option; and

- (iv) in the case of an optionee being dismissed from employment or service for cause, the options held by such optionee, whether or not vested at the date of dismissal, will terminate immediately on the date the optionee ceased to be a director, officer, employee, management company employee or consultant;
- (h) an option may expire on such earlier date or dates as may be fixed by the Board, subject to earlier termination in the event the optionee ceases to be eligible under the Plan by reason of death, retirement or otherwise.

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

The Company does not have any share-based awards, long-term incentive plans and, save as disclosed above, no remuneration payments were made, directly or indirectly, by the Company to its directors or Named Executive Officers during the fiscal year ended December 31, 2018.

External Management Contracts

Neither Stephen Swatton, the Company's President and CEO, nor Robert Scott, the Company's CFO, are employees of the Company, but rather derive their compensation indirectly through consulting agreements as described in "Employment, consulting and management agreements below".

Employment, Consulting and Management Agreements

Other than as disclosed below, the Company has not entered into any understanding, arrangement or agreement with any external management company to provide executive management services to the Company, directly or indirectly, in respect of which any compensation was paid by the Company.

Consulting Agreement with Lundy Management Ltd. and Stephen Swatton

The Company entered into a consulting agreement on May 1, 2016 with Stephen Swatton and Lundy Management Ltd., a company wholly controlled by Mr. Swatton for services as President and CEO of the Company (the "Lundy Agreement"). Pursuant to the Lundy Agreement, the Company pays a fee of \$12,500 + GST per month, for each full month in which services are rendered. The Lundy Agreement also provides for Swatton to be eligible for a bonus based on the achievement and satisfaction of certain goals and objectives on such terms and conditions as established by the Board of Directors. The maximum amount for Swatton's bonus will be 100% of Swatton's annual fee, and is at the discretion of the Board.

The Lundy Agreement may be terminated: (i) by Lundy, at any time, for any reason, without cause or entitlement to any further compensation, upon 30 days' written notice to the Company; (ii) by either party, for cause, at any time without entitlement to any further compensation, in the event of a failure by the other party to comply with any of the provisions of the Lundy Agreement, where such failure has been communicated to the other party and a reasonable opportunity to cure the failure has been provided, or, in the case of termination by the Company, the death or incapacity of Mr. Swatton or conduct by Lundy including but not limited to a persistent failure to follow the directions of the Board, or any act of gross negligence or wilful misconduct; (iii) by the Company, at any time, without cause or reason, by written

notice to Lundy. The amount of options to be granted to Lundy at any given time is determined by the Compensation Committee and recommended to the Board on an annual basis.

If the Company terminates the Lundy Agreement without cause or reason, the Company must pay Lundy the fees due to Lundy for three month following termination, or the remainder of the term of the Lundy Agreement, whichever is less, within ten business days from the date of termination.

In the event that during the term of the Lundy Agreement there was a successful take-over bid of the Company or a change of control in the Company resulting from a merger by way of an amalgamation or plan of arrangement or if any shareholder acquires in excess of 50% of the common shares of the Company, then Lundy at any time within 120 days of such event will be entitled to terminate the Lundy Agreement and to receive the aggregate cash compensation equivalent to two years payment of the cash compensation per the Lundy Agreement.

In addition, any options held by Mr. Swatton on the date of termination will be exercisable until the earlier of 90 days following such date and expiry of the option term.

Consulting Agreement with FT Management Ltd.

As of May 1, 2017, the Company engaged FT Management Ltd. to provide the services of Robert Scott as CFO, and Jeffrey Dare as Corporate Secretary, and accounting services for a monthly fee of \$6,000.00. The agreement may be terminated by either party upon six month written notice to the other part, with or without cause.

Oversight and Description of Director and Named Executive Officer Compensation

The Compensation Committee considers the compensation, including grants of equity-based compensation, to be paid to directors and officers of the Company and makes recommendations to the Board of Directors for consideration. The Board of Directors of the Company then determines the compensation to be paid, and also reviews the President's recommendations respecting the compensation of consultants of the Company to ensure such compensation reflects the responsibilities and risks associated with each position.

Compensation of the directors and officers, including the Named Executive Officers (as defined below under "Director and Named Executive Officer Compensation") is reviewed by the Compensation Committee and the Board on an annual basis.

When determining the compensation of the management team, the Compensation Committee and the Board of Directors considers, among other things: (i) providing fair and competitive compensation to ensure compensation appropriately reflects the responsibilities assumed by the officer; (ii) balancing the interests of management and the shareholders of the Company; and (iii) rewarding performance with respect to operations in general. Currently, the Company does not use benchmarking as a methodology for compensation decisions.

In order to achieve these objectives, the following factors are considered when determining the compensation paid to management: (i) remuneration for services performed for the benefit of the Company; (ii) consulting fees for services rendered in respect of their duties as part of management, and (iii) long term incentive in the form of stock options. When reviewing the compensation of consultants of the Company, the directors of the Company as a whole consider how individuals are critical to the growth and success of the Company.

The Board delegates responsibility to the Compensation Committee to review, identify and mitigate risks associated with its compensation policies and ensure that the Company's executive compensation policies are designed not to encourage a Named Executive Officer (as defined below under "Director and Named Executive Officer Compensation") or an individual to take inappropriate or excessive risks in order to achieve individual short-term compensation objectives or outcomes that are not consistent with the long-term interests of the Company's shareholders. To achieve this, the Compensation Committee ensures that the variable elements of the Company's compensation policies are structured, based on personal and corporate objectives, none of which have the effect of encouraging excessive risk taking. The Company makes use of stock options as part of its compensation plan. The deferred nature of this compensation method does not, in the Committee's view, promote excessive risk taking.

Accordingly, the Compensation Committee has not identified any risks arising from its compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Named Executive Officers and directors are permitted to purchase 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. All such purchases are subject to insider reporting requirements and are reported on the System for Electronic Disclosure by Insiders.

The incentive stock option component of the Company's executive compensation program is intended to encourage and reward outstanding performance over the short-term and long-term, and to align the interests of the Company's senior officers with those of its shareholders.

Options are awarded to Named Executive Officers by the Board based upon recommendations of the Compensation Committee which bases its decisions upon the level of responsibility and contribution of the individuals towards the Company's goals and objectives. The Compensation Committee also takes into consideration the amount and terms of outstanding stock options in determining its recommendations regarding the options to be granted during any fiscal year.

The stock option component of executive compensation acts as an incentive for the Company's Named Executive Officers to work to enhance the Company's value over the long-term, and to remain with the Company.

The Company pays consulting fees to the Named Executive Officers relating to management services provided to the Company. For a description of all significant compensation paid to the Named Executive Officers see "Employment, Consulting and Management Agreements" below.

A Compensation Committee has been established by the directors of the Company, the current members of which are Frederic Leigh and John Robins. Both Frederic Leigh and John Robins are independent within the meaning of NI 52-110. The Compensation Committee operates under its written charter attached to this Information Circular as Schedule "A".

The members of the Compensation Committee do not have direct experience that is relevant to their responsibilities in executive compensation. However, each Committee member has skills and experiences that enable him to make decisions on the suitability of the compensation policies and practices of the Company as set out under "Audit Committee – Relevant Education and Experience".

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the Company's shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Company believes that its corporate governance practices ensure that the business and affairs of the Company are effectively managed so as to enhance shareholder value.

The Company has reviewed its own corporate governance practices in light of the guidelines contained in National Instrument 58-201 – *Corporate Governance Guidelines*. The Company's practices comply generally with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore those guidelines have not been adopted. Set out below is a description of the Company's corporate governance practices as required by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101").

Board of Directors

Pursuant to National Instrument 52-110 – *Audit Committees* ("NI 52-110"), a director is independent if the director has no direct or indirect relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. Certain directors are deemed to have a material relationship with the Company by virtue of their position or relationship with the Company. As at the date hereof, the Board is comprised of four members, the following of whom are considered independent under NI 52-110: Craig Roberts, John Robins and Frederic Leigh. Stephen Swatton is not independent as he is the President and CEO of the Company.

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

Directorships

The following table sets out details of directorships in other public issuers, held by each of the current directors standing for re-election:

Director	Other Reporting Issuer(s)
Stephen Swatton	None
John Robins	Fireweed Zinc Ltd. Northern Empire Resources Corp. Bluestone Resources Inc. Matador Exploration Inc.
Craig Roberts	Redzone Resources Ltd. Ethos Gold Corp. Victory Metals Inc.
Frederic Leigh	Golden Harp Resources Inc.

Orientation and Continuing Education

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. information respecting the functioning of the Board and committees and copies of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company; and
3. access to management.

Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

Ethical Business Conduct

The Board views good corporate governance as an integral component to the success of the Company and to meet its responsibilities to shareholders. The Board has adopted a formal code of conduct and requires all Directors and Officers to comply with corporate governance principles and ethical business conduct. The Board requires that any Director or executive officer disclose any material interest that they have in any transaction or agreement to be entered into by the Company and, in the case of Directors, abstain from voting on any such transaction or agreement, in accordance with applicable corporate laws.

Nomination of Directors

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the mining industry are consulted for possible candidates.

Compensation

A Compensation Committee has been established by the directors of the Company, the current members of which are Frederic Leigh and John Robins, both of whom are independent within the meaning of NI 52-110.

The Compensation Committee of the Board of Directors of the Company operates under a written charter that sets out its responsibilities. The charter for the Compensation Committee of the Board of Directors of the Company is attached to this Information Circular as Schedule "A".

Other Board Committees

The Board has established a Corporate Governance Committee, the current members of which are Frederic Leigh and Craig Roberts, all of whom are considered independent within the meaning of NI 52-110.

The Corporate Governance Committee was formed to oversee the development and regularly assess the Company's approach to corporate governance issues and to ensure that such approach supports the effective functioning of the Company with the shareholders' best interests in mind, as well as to foresee the

effective communication between the Board of Directors and Company management. The Corporate Governance Committee may also recommend to the Board candidates for appointment to the Board.

The Board has also established a Health and Safety Committee, the current members of which are John Robins, Craig Roberts and Stephen Swatton.

Assessments

The Board does not consider that formal assessments would be useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual Directors and its Audit Committee. To assist in its review, the Board conducts informal surveys of its Directors, and receives a report from the Audit Committee respecting its own effectiveness.

Expectations of Management

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As of the financial year ended December 31, 2018, the Company's stock option Plan was the only equity compensation plan under which securities were authorized for issuance. The following table sets forth information with respect to the Plan as at the year ended December 31, 2018:

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	1,230,000	\$0.30	1,158,907
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	1,230,000	N/A	1,158,907

Notes:

- (1) Based on 23,889,070 common shares of the Company issued and outstanding as at December 31, 2018. The maximum aggregate number of common shares that may be reserved for issuance under the Plan is equal to 10% of the issued and outstanding common shares at the time of the option grant.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

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

of the Company, except for Stephen Swatton. As at the financial year ended December 31, 2018, Mr. Swatton had incurred \$5,158.60 in expenses to be reimbursed to 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 Information Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth in the following.

The Company’s Audit Committee is governed by an Audit Committee Charter. A copy of the Audit Committee Charter is attached as Schedule “B” to this Information Circular.

Composition of the Audit Committee

As at the date hereof, the members of the Audit Committee are Stephen Swatton, Craig Roberts and Frederic Leigh. Each of the current members of the Audit Committee is financially literate within the meaning of Section 1.5 of NI 52-110 in that he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

Relevant Education and Experience

The educational background or experience of the following proposed audit committee members has enabled each to perform his responsibilities as an audit committee member and has provided the member with an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves as well as 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 reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities and an understanding of internal controls and procedures for financial reporting.

Craig Roberts

Mr. Roberts is a mining engineer with over 30 years of operations, consulting, and investment banking experience. This includes work on feasibility studies for numerous mining projects worldwide, investment banking/due diligence roles in over 200 institutional mining equity financings, and significant experience advising management and boards on both friendly and hostile transactions.

Stephen Swatton

Mr. Swatton has been in the mining and exploration business for 30 years and has held positions such as Institutional Mining Analyst for Yorkton Securities, Chief Executive Officer of several successful junior companies and was Global Head of Business Development for the BHP Billiton Exploration Group.

Frederic Leigh

Mr. Leigh is the President of a privately-held company that provides advisory services. He has over 10 years of experience with companies in the mining and technology sectors worldwide.

The Audit Committee meets four times a year to review the quarterly and annual audited financial statements.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on an exemption under section 2.4, 6.1.1(4),(5) or (6), or granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non- audit services as described in the Audit Committee Charter attached hereto as Schedule "B".

External Auditors Service Fees (By Category)

Fees paid or accrued by the Company and its subsidiaries for audit and other services provided by the Company's external auditors for the last two fiscal years were as follows:

Financial Year Ending	Audit Fees	Audit Related Fees ¹	Tax Fees ²	All Other Fees ³
December 31, 2018	\$20,000.00	Nil	\$1,650.00	Nil
December 31, 2017	\$20,000.00	Nil	\$1,400.00	Nil

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

2 Fees charged for tax compliance, tax advice and tax planning services.

3 Fees for services other than disclosed in any other column.

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

Management intends to propose for adoption an ordinary resolution that the number of directors of the Company be fixed at four, subject to such increase as may be permitted by the articles of the Company.

Each director of the Company is elected annually and holds office until the next Annual General Meeting of the shareholders unless that person ceases to be a director before then. In the absence of instructions to

the contrary, the shares represented by proxy will, on a poll, be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director.

The following table sets out the names of the persons nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations and the number of shares of the Company which each beneficially owns, or controls or directs, directly or indirectly, as of the date of this Information Circular:

Name and Residence of Proposed Directors and Present Offices Held	Date Elected or Appointed a Director	Principal Occupation	Number of Shares⁽¹⁾
Stephen Swatton British Columbia, Canada <i>CEO, President, and Director</i>	June 28, 2016	President, CEO and Director of the Company	2,293,750 ⁽²⁾
John Robins British Columbia, Canada <i>Chairman & Director</i>	August 2, 2011	Self-employed professional geologist and entrepreneur	2,753,000 ⁽³⁾
Frederic Leigh British Columbia, Canada <i>Director</i>	November 18, 2015	Self-employed Corporate Strategy Consultant	345,000 ⁽⁴⁾
Craig Roberts British Columbia, Canada <i>Director</i>	June 28, 2016	President & CEO of Ethos Gold Corp.	1,150,400 ⁽⁵⁾

- (1) Information as to voting shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
- (2) Of these shares, 183,250 are held indirectly in the name of Lundy Management Ltd., a private company controlled by Stephen Swatton.
- (3) Of these shares, 16,250 are held indirectly in the name of Chilcotin Capital Corporation, a private company controlled by John Robins and 12,500 are held indirectly by Kelly Taylor, John Robins' spouse.
- (4) These shares are held indirectly in the name of Siwash Corporate Services Inc., a private company controlled by Frederic Leigh.
- (5) These shares are held indirectly in the name of Flotsam Cove Holdings Ltd., a private company controlled by Craig Roberts.

The terms of office of those nominees who are presently directors will expire as of the date of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the next Annual General Meeting of the Company, unless terminated earlier.

Orders & Bankruptcies

No proposed director of the Company is, or within the 10 years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or;
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer.

For the purposes of the preceding paragraph, “order” means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, and which, in each case, was in effect for a period of more than 30 consecutive days.

No proposed director of the Company is, at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within one 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.

No proposed director of the Company or personal holding company of a proposed director has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties & Sanctions

No proposed director of the Company or personal holding company of a 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.

The above information was provided by management of the Company.

Appointment of Auditor

The shareholders will be asked to appoint Davidson & Company LLP, Chartered Accountants, of Suite 1200 – 609 Granville Street, Vancouver, British Columbia, V7Y 1G6, to serve as the auditor of the Company until the close of the next Annual General Meeting of the shareholders, and to authorize the directors to fix the auditor’s remuneration.

Approval of Stock Option Plan

The Company has adopted a rolling stock option plan (the “Stock Option Plan”), as more particularly described previously under “Stock Option Plan”. The policies of the TSX Venture Exchange (the “Exchange”) state that rolling stock option plans must receive shareholder approval upon initial adoption and thereafter yearly, at the Company’s Annual General Meeting. Accordingly, the shareholders will be asked to approve the Stock Option Plan at the Meeting.

The full text of the Stock Option Plan will be available to the shareholders at the Meeting. Shareholders may also view the Stock Option Plan in advance of the Meeting at the Company’s head office, Suite 1020 – 800 West Pender Street, Vancouver, BC, Canada, V6C 2V6, or by requesting a copy of the plan from the Company by telephone at (778) 327-5799.

In connection with shareholder approval of the Stock Option Plan, management will place the following proposed resolution before the shareholders for their consideration:

RESOLVED that the Company's Stock Option Plan, presented for consideration at the Company's 2019 Annual General Meeting, be approved.

OTHER MATTERS

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

ADDITIONAL INFORMATION

Additional Information concerning the Company is available on SEDAR at www.sedar.com. Financial Information concerning the Company is provided in the Company's comparative financial statements and Management's Discussion and Analysis for the financial year ended December 31, 2018.

Shareholders wishing to obtain a copy of the Company's financial statements and Management's Discussion and Analysis may contact the Company as follows:

Jeff Dare, Corporate Secretary
550 - 800 W. Pender Street, Vancouver,
British Columbia, Canada, V6C 2V6
Telephone: (778) 327-5799

APPROVAL

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

DATED at Vancouver, British Columbia, the 29th day of October, 2019.

BY ORDER OF THE BOARD

"Stephen Swatton"

President, CEO & Director

**SCHEDULE A
to Information Circular of
K2 Gold Corporation**

COMPENSATION COMMITTEE CHARTER

1. Mandate

The mandate of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of K2 Gold Corporation ("K2 Gold " or the "Company") is to discharge the responsibilities of the Board relating to compensation of K2 Gold's officers and directors, to provide general oversight of K2 Gold's compensation structure including equity compensation plans and benefits programs and to perform the additional specific duties and responsibilities set out herein.

2. Membership

The Committee will consist of at least two members, a majority of whom will be independent directors of K2 Gold, and one of whom will act as chairperson. An "independent" director is a director who is independent, as determined by the Board, within the definitions prescribed for executive compensation committee members by applicable stock exchange listing standards, and applicable laws and, if applicable, U.S. Securities and Exchange Commission ("SEC") rules. Committee members will be appointed, and the Chairperson will be selected from among them, by the Board of Directors.

3. Meetings and Procedures

The Committee will meet as often as may be considered necessary or appropriate, in its judgment. The Committee may meet either in person or by telephone, and at such times and places as the Committee determines. At least two members of the Committee must be present to constitute a quorum for the transaction of Committee business. The Chairperson will preside over the meetings, but will have no greater voting rights or decision-making authority than the other member(s) of the Committee. The Committee will report regularly to the full Board with respect to its activities. As a matter of practice, the Committee will discuss significant matters, as determined by the Committee, with the full Board prior to taking final action on such matters.

All recommendations of the Committee with respect to the awarding of compensation to the executive (senior) officers of the Company will be submitted to the full Board for approval before implementation.

4. Outside Advisors

The Committee will have the authority to retain, at the Company's expense, such outside consultants, legal counsel, and other advisors as it determines is appropriate to assist it in the full performance of its functions, including the authority to approve such advisors' fees and other engagement terms.

5. Duties and Responsibilities

a) Human Resources and Compensation Strategies

The Committee will oversee and evaluate K2 Gold ' overall human resources and compensation structure, policies and programs, with the objective of ensuring that these establish appropriate

incentives and leadership development for management and other employees.

b) Executive Compensation

The Committee will review and approve corporate goals and objectives relevant to the compensation of the President (the "President") and the Chief Executive Officer (the "CEO") and the other executive officers of K2 Gold, evaluate the performance of the President and the CEO and the other executive officers in light of those goals and objectives and approve their annual compensation levels, including salaries, bonuses, and stock option grants based on such evaluation.

c) Employment Agreements

The Committee will review and approve all employment related agreements and severance arrangements for the President and the CEO and other executive officers, including, without limitation, change-of-control agreements.

d) External Reporting of Compensation Matters

The Committee will prepare an annual report on executive officer compensation for publication in K2 Gold's proxy circulars, as required by the securities regulatory authorities having jurisdiction over the Company. The Chairperson of the Committee will make him or herself available for questions from shareholders of the Company at the Company's Annual General Meeting.

e) Stock Option and Incentive Compensation Plans

The Committee will supervise and administer K2 Gold's stock option or any other equity-based compensation programs, and the incentive compensation plan, and may approve, amend, modify, interpret, ratify the terms of, or terminate any such plan, to the extent that such plans and applicable laws so permit, and will make recommendations to the Board with respect to equity-based plans and incentive- compensation plans as appropriate.

f) Employee Benefit Plans

The Committee will monitor the effectiveness of benefit plan offerings, in particular benefit plan offerings pertaining to executive officers, and will review and approve any new employee benefit plan or change to an existing plan that creates a material financial commitment by K2 Gold. In its discretion, the Committee may otherwise approve, amend, modify, ratify, interpret the terms of, or terminate any benefit plan.

g) Leadership Development and Succession Planning

The Committee will review the leadership development and succession planning processes for senior management positions and ensure that appropriate compensation, incentive and other programs are in place in order to promote appropriate leadership development.

h) Director Compensation

The Committee will annually review the compensation of directors for service on the Board and its committees and recommend to the Board the annual Board member compensation package,

including retainer, Committee member and Chair retainers, Board and Committee meeting attendance fees and any other form of compensation, such as stock option grants or stock awards.

i) Annual Evaluation

The Committee will annually evaluate the performance of the Committee and the adequacy of the Committee's charter and recommend to the Board such changes as it deems appropriate.

j) General.

The Committee will perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate.

k) Delegation

The Committee may delegate any of the foregoing duties and responsibilities to one or more members of the Committee. In addition, the Committee may delegate to one or more executive officers of the Company the administration of equity incentive or employee benefit plans, unless otherwise prohibited by such plans, or applicable law or stock exchange rules. Any such delegation may be revoked by the Committee at any time.

SCHEDULE "B"
to Information Circular of
K2 Gold Corporation

THE AUDIT COMMITTEE'S CHARTER

PURPOSE

The overall purpose of the Audit Committee (the "**Committee**") of K2 Gold Corporation (the "**Company**") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company, and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company's Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Company's independent auditors.

COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Committee shall consist of at least three members of the Board of Directors (the "**Board**").
2. At least two (2) members of the Committee shall be independent and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
5. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
6. The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers necessary or advisable in order to perform its duties and responsibilities.

7. Meetings of the Committee shall be conducted as follows:
 - a. the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
 - b. the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
 - c. management representatives may be invited to attend all meetings except private sessions with the external auditors.
8. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

ROLES AND RESPONSIBILITIES

9. The overall duties and responsibilities of the Committee shall be as follows:
 - a. to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
 - b. to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
 - c. to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
 - d. to report regularly to the Board on the fulfillment of its duties and responsibilities.
10. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
 - a. to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
 - b. to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
 - c. review the audit plan of the external auditors prior to the commencement of the audit;
 - d. to review with the external auditors, upon completion of their audit:
 - (i) any non-audit services provided by the external auditors;

- (ii) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
- (iii) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

11. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:

- a. review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
- b. review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
- c. review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
- d. periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.

12. The Committee is also charged with the responsibility to:

- a. review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
- b. review and approve the financial sections of:
 - (i) the annual report to Shareholders;
 - (ii) the annual information form, if required;
 - (iii) annual and interim MD&A;
 - (iv) prospectuses;
 - (v) news releases discussing financial results of the Company;
 - (vi) other public reports of a financial nature requiring approval by the Board; and
 - (vii) and report to the Board with respect thereto;
- c. review regulatory filings and decisions as they relate to the Company's consolidated financial

statements;

- d.** review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- e.** review and report on the integrity of the Company's consolidated financial statements;
- f.** review the minutes of any audit committee meeting of subsidiary companies;
- g.** review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- h.** review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
- i.** develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.

13. The Committee shall have the authority:

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

