

## **CARLIN GOLD CORPORATION**

320 - 800 West Pender Street,  
Vancouver, British Columbia  
V6C 2V6

Telephone: 604 638-1402, Facsimile: 604 608-3878

### **INFORMATION CIRCULAR**

(As at August 8, 2017, except as indicated)

Carlin Gold Corporation (the “**Company**”) is providing this Information Circular and a form of proxy in connection with management’s solicitation of proxies for use at the annual general meeting (the “**Meeting**”) of the Company to be held on September 7, 2017 and at any adjournments thereof. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

#### **APPOINTMENT OF PROXYHOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder’s behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or Directors of the Company (the “**Management Proxyholders**”).

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person’s name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

#### **VOTING BY PROXY**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

## COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc., by mail or by hand at:

Proxy Dept, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1  
Fax within North America: 1-866-249-7775  
Fax outside North America: (416) 263-9524

no later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## NON-REGISTERED HOLDERS

**Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "**Nominee**"). If you purchased your shares through a broker, you are likely a non-registered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners ("**NOBOs**"). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("**OBOs**").

The Company is not sending the Meeting materials directly to NOBOs in connection with the Meeting, but rather has distributed copies of the Meeting materials to the Nominees for distribution to NOBOs.

The Company does not intend to pay for Nominees to deliver the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the Meeting Materials unless their Nominee assumes the costs of delivery.

## NOTICE-AND-ACCESS

The Company is not sending the Meeting materials to shareholders using “notice-and-access”, as defined under NI 54-101.

## REVOCABILITY OF PROXY

In addition to revocation in any other manner permitted by law, a shareholder, his or her attorney authorized in writing or, if the shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value (the “shares”), of which 88,939,464 shares are issued and outstanding as at August 8, 2017. Persons who are registered shareholders at the close of business on August 1, 2017 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares.

To the knowledge of the Directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company, except the following:

<i>Name</i>	<i>No. of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</i>	<i>Percentage of Outstanding Shares</i>
Electrum Gold Exploration LLC	25,404,647	28.56%
K. Wayne Livingstone	8,900,000	10.00%

## ELECTION OF DIRECTORS

The Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of Directors of the Company at seven (7).

The Company has an Audit Committee and a Compensation Committee. Members of these committees are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees, and each other person whose term of office as a Director will continue after the Meeting, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(1)</sup></i>
<b>K. Wayne Livingstone</b> White Rock, BC Canada <i>President, CEO and Director</i>	Mining Executive, President and Director of New Oropuru Resources Inc. (TSX.V) from October 1994 to present	Since November 2, 2004	8,900,000 <sup>(4)</sup>

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(1)</sup></i>
<b>Brian C. Irwin</b> <sup>(2)(3)</sup> Parksville, BC Canada <i>Director</i>	Retired lawyer, Mining Executive	Since April 30, 2004	680,000
<b>Robert D. Thomas, Jr.</b> Sparks, Nevada, U.S.A. <i>Director, Vice President, Exploration</i>	Director and Vice-President, Exploration of the Company	Since April 25, 2006	3,911,478 <sup>(5)</sup>
<b>Aris Morfopoulos</b> North Vancouver, BC Canada <i>CFO, Secretary and Director</i>	Chief Financial Officer and accountant for public corporations	Since July 25, 2007	300,000
<b>Robert Culbert</b> <sup>(2) (3) (6)</sup> Point Roberts Washington, USA <i>Director</i>	Businessman, P. Eng.	Since September 27, 2010	1,093,000 <sup>(6)</sup>
<b>Jay Sujir</b> <sup>(2)</sup> Vancouver, BC Canada <i>Director</i>	Barrister and solicitor	Since July 31, 2012	Nil
<b>Kenneth Rye</b> <sup>(3)</sup> Denver, Colorado, USA <i>Director</i>	Senior Managing Director, Electrum Group LLC., New York, N.Y.	Since July 31, 2012	Nil

(1) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at August 8, 2017, based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such shares are held directly.

(2) Member of the Audit Committee.

(3) Member of the Compensation Committee.

(4) Of these shares, 1,600,000 are held indirectly in the name of NS Star Enterprises Ltd., a private company controlled by K. Wayne Livingstone.

(5) Of these shares, 3,711,479 are held by Mr. Thomas in trust with his spouse.

(6) Of these shares, 958,000 are held indirectly in the name of Agadez Investments Inc., a private company controlled by Robert Culbert.

To the knowledge of the Company, no proposed Director:

(a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a Director, chief executive officer (“CEO”) or chief financial officer (“CFO”) of any company (including the Company) that:

i. was the subject, while the proposed Director was acting in the capacity as Director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

ii. was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed Director ceased to be a Director, CEO or CFO but which resulted from an event that occurred while the proposed Director was acting in the capacity as Director, CEO or CFO of such company; or

- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a Director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) 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; or
- (d) has been 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) has been subject to any 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 following Directors of the Company hold directorships in other reporting issuers as set out below:

Name of Director	Name of Other Reporting Issuer
K. Wayne Livingstone	New Oproeru Resources Inc. Northern Superior Resources Inc. Constantine Metal Resources Ltd.
Brian C. Irwin	Constantine Metal Resources Ltd. TriStar Gold Inc.
Robert D. Thomas, Jr.	None
Aris Morfopoulos	None
Robert Culbert	Copper Creek Gold Corp.
Jay Sujir	Excelsior Mining Corp. Kootenay Zinc Corp. Red Eagle Exploration Limited Red Eagle Mining Corporation Uracan Resources Ltd. Roughrider Exploration Inc. Liberio Mining Corporation
Kenneth Rye	None

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The Company's compensation philosophy for its Named Executive Officers is designed to attract well qualified individuals in what is essentially an international market by paying competitive base management fees plus long term incentive compensation in the form of stock options or other suitable long term incentives. The Board of Directors meets to discuss and determine executive compensation without reference to formal objectives, criteria or analysis. In making its determinations regarding the various elements of executive compensation, the Board of Directors does not benchmark its executive compensation program, but from time to time does review compensation practices of companies of similar size and state of development to ensure the compensation paid is competitive within the Company's industry and geographic location while taking into account the financial and other resources of the Company.

The duties and responsibilities of the President and CEO are typical of those of a business entity of the Company's size in a similar business and include direct reporting responsibility to the Board, overseeing the activities of all other executive and management consultants, representing the Company, providing leadership and responsibility for achieving corporate goals and implementing corporate policies and initiatives.

#### *Elements of Compensation*

The Company's executive compensation policy consists of the payment of fees on the basis of time expended at competitive rates for technical consulting, management and administrative services paid to the executives or their companies, and long term incentives in the form of stock options granted under the Company's rolling stock option plan (the "Stock Option Plan").

#### *Compensation Policies and Risk Management*

The Board of Directors considers the implications of the risks associated with the Company's compensation policies and practices when determining rewards for its officers. Commencing in 2012, the Board of Directors reviews at least once annually the risks, if any, associated with the Company's compensation policies and practices at such time.

Executive compensation is comprised of short-term fee compensation and long-term ownership through the Company's Stock Option Plan. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the small size of the Company and the current level of the Company's activity, the Board of Directors is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

#### *Hedging of Economic Risks in the Company's Securities*

The Company has not adopted a policy prohibiting Directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by Directors or officers. However, the Company is not aware of any Directors or officers having entered into this type of transaction.

#### *Compensation Governance*

The Board of Directors has established a Compensation Committee, which as at the year ended December 31, 2016 was comprised of Robert Culbert, Kenneth Rye, and Brian C. Irwin, all of whom are independent within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees*.

The Compensation Committee has responsibility for determining compensation for the Directors and senior management. To determine compensation payable, the Compensation Committee considers

compensation paid for Directors and CEOs of companies of similar size and stage of development in the mineral exploration and development industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the Directors and senior management while taking into account the financial and other resources of the Company. The Compensation Committee also has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

### Option-based awards

Options are granted at the discretion of the Board of Directors, which considers factors such as how other junior exploration companies grant options and the potential value that each optionee is contributing to the Company. The number of options granted to an individual is based on such considerations.

Granting of options is a variable and discretionary element of compensation. The Company's Stock Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the Named Executive Officers, the Board takes into account the number of options, if any, previously granted to each Named Executive Officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange (the "Exchange"), and closely align the interests of such executive officers with the interests of shareholders.

### Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years of the Company (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of each CEO and the CFO who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the CEO and the CFO), as at December 31, 2016 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the "Named Executive Officers" or "NEOs").

NEO 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			
K. Wayne	2016	Nil	Nil	11,383 <sup>(1)</sup>	Nil	Nil	Nil	60,000 <sup>(2)</sup>	71,383
Livingstone CEO, President	2015	Nil	Nil	Nil	Nil	Nil	Nil	60,000 <sup>(2)</sup>	60,000
	2014	Nil	Nil	Nil	Nil	Nil	Nil	69,000 <sup>(2)</sup>	60,000
Aris Morfopoulos CFO	2016	Nil	Nil	5,312 <sup>(1)</sup>	Nil	Nil	Nil	60,000 <sup>(3)</sup>	60,000
	2015	Nil	Nil	Nil	Nil	Nil	Nil	60,000 <sup>(3)</sup>	60,000
	2014	Nil	Nil	Nil	Nil	Nil	Nil	60,000 <sup>(3)</sup>	60,000

- (1) Dollar amount of the option-based awards reflects the grant date fair value of the common shares of the Company underlying the options. The Company used the Black -Scholes -Merton model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for each calculation: expected volatility 75%; risk-free interest rate 0.53% ; spot price \$0.02; expected life 5 years; expected dividend yield Nil%.
- (2) The amount was paid to a company owned by Mr. Livingstone for technical, consulting and administrative services during the year.
- (3) The amount was paid to a company which is 50% owned by Mr. Morfopoulos for CFO, accounting and administrative services during the year.

### **Incentive Plan Awards**

The Company does not have any incentive plans pursuant to which compensation that depends on achieving certain goals or similar conditions within a specified period is awarded, earned, paid or payable to the Named Executive Officer(s).

### **Outstanding Share-Based Awards and Option-Based Awards**

The following table sets forth information for each NEO concerning all awards outstanding under incentive plans of the Company as at the end of the most recently completed financing year including awards granted before the most recently completed financial year:

<i>Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>		
	<i>Number of Securities Underlying Unexercised Options (#)</i>	<i>Option Exercise Price (\$)</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options (\$ )<sup>(1)</sup></i>	<i>Number of Shares Or Units Of Shares That Have Not Vested (#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</i>	<i>Market or payout value of vested share-based awards not paid out or distributed (\$)</i>
K. Wayne Livingstone President, CEO	385,000 1,500,000	0.125 0.05	Jun. 18, 2017 Feb. 26, 2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Aris Morfopoulos CFO	200,000 700,000	0.125 0.05	Jun. 18, 2017 Feb. 26, 2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil

<sup>(1)</sup> The value of unexercised in-the-money options is calculated based on the difference between the market value of the Company's shares as at the last trading day of the most recently completed financial year (December 30, 2016, closing price of \$0.05) and the exercise price of the options.

### **Incentive Plan Awards – Value Vested or Earned During the Year**

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Named Executive Officers are as follows:

<i>NEO Name</i>	<i>Option-Based Awards - Value Vested During The Year <sup>(1)</sup></i>	<i>Share-Based Awards - Value Vested During The Year</i>	<i>Non-equity incentive plan compensation - Value Earned During The Year</i>
<i>K. Wayne Livingstone</i>	\$11,383	Nil	Nil
<i>Aris Morfopoulos</i>	\$5,312	Nil	Nil

<sup>(1)</sup> Dollar amount of the option-based awards reflects the grant date fair value of the common shares of the Company underlying the options. The Company used the Black –Scholes -Merton model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for each calculation: expected volatility 75%; risk-free interest rate 0.53% ; spot price \$0.02; expected life 5 years; expected dividend yield Nil%.

### **Pension Plan Benefits**

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

## Termination and Change of Control Benefits

The Company had no contracts with any Named Executive Officers as at December 31, 2016, except as follows:

The Company entered into a management services agreement with NS Star Enterprises Ltd. (“NS Ltd.”) dated October 1, 2012, which provides for an annual management fee of \$60,000 payable to NS Ltd. NS Ltd. provides management services of K. Wayne Livingstone in the capacity of CEO and President of the Company. The management services agreement with NS Ltd. provides that if it is terminated without cause, two years’ remuneration (\$120,000), plus an amount equal to the prior two years’ fees, for providing geologic and technical services to the Company, at a rate of \$650 per day. In the event there is a change of control, NS Ltd. has a period of six months to give notice of termination to the Company, and the same amount of remuneration will be payable to NS Ltd. as if there had been termination without cause.

The Company entered into a management services agreement with Morfopoulos Consulting Associates Ltd. (“MCA Ltd.”) dated October 1, 2012, which provides for an annual management fee of \$60,000 payable to MCA Ltd. MCA Ltd. provides management services of Aris Morfopoulos in the capacity of CFO of the Company. The management services agreement with MCA Ltd. provides that, if it is terminated without cause, two years’ remuneration (\$120,000) is payable by the Company. In the event there is a change of control, MCA Ltd. has a period of six months to give notice of termination to the Company, and the same amount of remuneration will be payable to MCA Ltd. as if there had been termination without cause.

## Director Compensation

The following table sets forth all amounts of compensation provided to the Directors, who are each not also a Named Executive Officer, for the Company’s most recently completed financial year:

<i>Director Name</i>	<i>Fees Earned (\$)</i>	<i>Share-Based Awards (\$)</i>	<i>Option-Based Awards (\$)</i>	<i>Non-Equity Incentive Plan Compensation (\$)</i>	<i>Pension Value (\$)</i>	<i>All Other Compensation (\$)</i>	<i>Total (\$)</i>
Brian C. Irwin	Nil	Nil	3,794 <sup>(2)</sup>	Nil	Nil	Nil	3,794
Robert D. Thomas Jr.	48,335 <sup>(1)</sup>	Nil	11,383 <sup>(2)</sup>	Nil	Nil	Nil	59,738
Robert Culbert	Nil	Nil	3,794 <sup>(2)</sup>	Nil	Nil	Nil	3,794
Jay Sujir	Nil	Nil	3,035 <sup>(2)</sup>	Nil	Nil	Nil	3,035
Kenneth Rye	Nil	Nil	3,035 <sup>(2)</sup>	Nil	Nil	Nil	3,035

Relevant disclosure has been provided in the “Summary Compensation Table” above for Directors who receive compensation for their services as a Director and who are also Named Executive Officers.

- (1) Robert D. Thomas Jr. received \$48,335 as remuneration for geological services and management services provided to the Company or a subsidiary of the Company.
- (2) Dollar amount of the option-based awards reflects the grant date fair value of the common shares of the Company underlying the options. The Company used the Black -Scholes -Merton model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for each calculation: expected volatility 75%; risk-free interest rate 0.53% ; spot price \$0.02; expected life 5 years; expected dividend yield Nil%.

The Company has no other arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company or its subsidiaries for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Information Circular.

The Company has the Stock Option Plan for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

### Incentive Plan Awards – Outstanding Option-Based and Share-Based Awards

The following table sets forth information concerning all awards outstanding under incentive option plans of the Company, at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Directors who are not Named Executive Officers:

Director Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Robert D. Thomas, Jr.	285,000	0.125	Jun. 18, 2017	Nil	Nil	Nil	Nil
	1,500,000	0.05	Feb. 26, 2021	Nil	Nil	Nil	Nil
Brian C. Irwin	175,000	0.125	Jun. 18, 2017	Nil	Nil	Nil	Nil
	500,000	0.05	Feb. 26, 2021	Nil	Nil	Nil	Nil
Robert Culbert	125,000	0.125	Jun. 18, 2017	Nil	Nil	Nil	Nil
	500,000	0.05	Feb. 26, 2021	Nil	Nil	Nil	Nil
Jay Sujir	200,000	0.125	July 31, 2017	Nil	Nil	Nil	Nil
	400,000	0.05	Feb. 26, 2021	Nil	Nil	Nil	Nil
Kenneth Rye	200,000	0.125	July 31, 2017	Nil	Nil	Nil	Nil
	400,000	0.05	Feb. 26, 2021	Nil	Nil	Nil	Nil

<sup>(1)</sup> The value of unexercised in-the-money options is calculated based on the difference between the market value of the Company's shares as at the last trading day of the most recently completed financial year (December 30, 2016, closing price of \$0.05) and the exercise price of the options.

There were no share-based awards to Directors that were not Named Executive Officers outstanding at any time during the last fiscal year or as at the date of this AGM Circular.

### Incentive Plan Awards - Value Vested Or Earned During The Year

The Company does not have any incentive plans pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, paid or payable to the Directors.

The value vested or earned during the most recently completed financial year of incentive option plan awards granted to Directors who are not Named Executive Officers are as follows:

<i>Director Name</i>	<i>Option-Based Awards - Value Vested During The Year<sup>(1)</sup></i>	<i>Share-Based Awards - Value Vested During The Year</i>	<i>Non-equity incentive plan compensation - Value Earned During The Year</i>
Robert D. Thomas, Jr.	\$11,383	Nil	Nil
Brian C. Irwin	\$3,794	Nil	Nil
Robert Culbert	\$3,794	Nil	Nil
Jay Sujir	\$3,035	Nil	Nil
Kenneth Rye	\$3,035	Nil	Nil

<sup>(1)</sup> Dollar amount of the option-based awards reflects the grant date fair value of the common shares of the Company underlying the options. The Company used the Black -Scholes -Merton model as the methodology to calculate the grant date fair value, and relied on the following key assumptions and estimates for each calculation: expected volatility 75%; risk-free interest rate 0.53% ; spot price \$0.02; expected life 5 years; expected dividend yield Nil%.

### Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights (b)</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</i>
Equity compensation plans approved by securityholders	7,300,000	\$0.13	1,593,946
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	7,300,000	-	1,593,946

<sup>(1)</sup> At the end of the most recently completed financial year, the Company also had 26,404,467 common share purchase warrants outstanding with a weighted average exercise price of \$0.16.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at August 8, 2017, no indebtedness outstanding of any current or former Director, executive officer or employee of the Company or any of its subsidiaries which is owing to the Company or any of its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit

or other similar arrangement or understanding provided by the Company or any of its subsidiaries,

in relation to a securities purchase program or other program.

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

Except as set out herein, no person who has been a Director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a Director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of Directors.

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

No informed person or proposed Director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or its subsidiaries.

### **APPOINTMENT OF AUDITORS**

Smythe Ratcliffe LLP, Chartered Accountants, of Vancouver, British Columbia, are the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Smythe Ratcliffe LLP as the auditors of the Company to hold office for the ensuing year.

### **MANAGEMENT CONTRACTS**

No management functions of the Company or subsidiary are performed to any substantial degree by a person other than the Directors or Executive Officers of the Company or its subsidiaries. See "Termination and Change of Control Benefits" for disclosure on the existing management services agreements between the Company and certain Directors/officer of the Company.

### **CORPORATE GOVERNANCE DISCLOSURE**

A summary of the responsibilities and activities and the membership of each of the Committees is set out below.

National Instrument 58-201 ("NI 58-201") establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply 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 these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### **Independence of Members of Board**

The Company's Board consists of seven Directors, five of whom are independent based upon the tests for independence set forth in NI 52-110. Brian C. Irwin, Robert Culbert, Robert D. Thomas, Jr., Jay Sujir and Kenneth Rye are independent. K. Wayne Livingstone is not independent as he is the President and CEO of the Company. Aris Morfopoulos is not independent as he is the CFO and Secretary of the Company.

### **Management Supervision by Board**

The size of the Company is such that all the Company's operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent Directors on an informal basis as the independent Directors are actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. The independent Directors are however able to meet at any time without any members of management including the non-independent Directors being present. Further supervision is performed through the audit committee which is composed of a majority of independent Directors who meet with the Company's auditors without management being in attendance. The independent Directors also have access to the Company's auditors without management being in attendance. The independent Directors also have access to the Company's legal counsel and its and its officers.

### **Risk Management**

The Board of Directors is responsible for the adoption of a strategic planning process, identification of principal risks and implementing risk management systems, succession planning and the continuous disclosure requirements of the Company under applicable securities laws and regulations.

The audit committee is responsible for the risk management items set out in the audit committee charter.

### **Participation of Directors in Other Reporting Issuers**

The participation of the Directors in other reporting issuers is described in the table provided under "Election of Directors" in this Information Circular.

### **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 of Directors, committees and copies of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information; and
3. access to management and technical experts and consultants.

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 responsibilities to shareholders. The Board has adopted a Code of Conduct that is posted on its website at [www.carlingold.com](http://www.carlingold.com) and has instructed its management and employees to abide by the Code.

### **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 contacts in the mineral exploration and development industry are consulted for possible candidates.

### **Compensation of Directors and the CEO**

The members of the Compensation Committee are Brian C. Irwin, Robert Culbert and Kenneth Rye, each of whom is independent. The Compensation Committee has responsibility for determining compensation for the Directors and senior management.

To determine compensation payable, the Compensation Committee considers compensation paid for Directors and CEOs of companies of similar size and stage of development in the mineral exploration and development industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the Directors and senior management while taking into account the financial and other resources of the Company.

### **Board Committees**

As the Directors are actively involved in the operations of the Company and the size of the Company's operations does not warrant a larger Board of Directors, the Board has determined that additional committees are not necessary at this stage of the Company's development.

### **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 each of its committees. To assist in its review, the Board conducts informal surveys of its Directors, receives information reports from the Compensation Committee on its assessment of the functioning of the Board and information reports from each committee respecting its own effectiveness. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

## **AUDIT COMMITTEE CHARTER**

### **1.0 PURPOSE**

1.1 The Audit Committee (the "**Committee**") is a standing committee of the Board of Directors (the "**Board**") of the Company) charged with assisting the Board in fulfilling its responsibility to the shareholders and investment community. Its role is to:

- (a) serve as an independent and objective party to oversee the Company's accounting and financial reporting processes, internal control system and audits of its financial statements;
- (b) review and appraise the audit efforts of the Company's external auditors; and
- (c) provide an open avenue of communication among the external auditors, financial and senior management and the Board.

### **2.0 COMMITTEE MEMBERSHIP**

2.1 The Board of the Company will annually appoint a minimum of three Directors to the Committee and for so long as the shares of the Company are listed on the Exchange, a majority of whom will, to the extent possible, be Directors of the Company who are independent of management and free from any material relationship that, in the opinion of the Board, would interfere with the Director's exercise of independent judgment as a member of the Committee.

- 2.2 All members of the Committee must be financially literate, or if not financially literate at the time of their appointments, must become so within a reasonable period of time following their appointments. For the purposes of this Charter, the definition of “financially literate” is the ability to read and understand a balance sheet, an income statement and a cash flow statement 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. The definition of “accounting or related financial management expertise” is the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles.
- 2.3 Members of the Committee will be appointed at the first meeting of the Board of Directors typically held following the Annual General Meeting of the Company.
- 2.4 A member may resign from the Committee and may be removed and replaced at anytime by the Board of Directors. A member of the Committee will automatically cease to be a member at such time as that individual ceases to be a Director of the Company.

### **3.0 CHAIR OF THE COMMITTEE**

- 3.1 The Board will in each year appoint a Chair of the Committee from among the members of the Committee. In the Chair’s absence, or if the position is vacant, the Committee may select another member to act as interim Chair.
- 3.2 The Chair of the Audit Committee has the responsibility to monitor that the Committee executes its mandate to the satisfaction of the Board.

#### **Specific Role and Responsibilities**

In cooperation with the Chief Financial Officer, the Chairman of the Audit Committee will:

- Prepare the Committee meetings’ agendas to facilitate that all tasks of the Committee are covered in a timely fashion and that each topic is documented in a manner that allows the making of informed recommendations to the Board.
- Monitor that follow-up matters are being addressed.
- Direct the Committee’s meetings in a manner that facilitates the exchange of constructive and objective points of view and opinions, that encourages all Committee members to participate and that is conducive to good decision-making. Also arrange for private sessions that allow the Committee to meet with the external auditors separately from management and vice-versa.
- Monitor that the meetings’ minutes properly reflect the discussions, recommendations and disagreements, if any, and that they are circulated in a timely fashion to the other members of the Committee and to the Board subsequently. The Chair is responsible for reporting to the Board the findings of the Committee.
- Maintain a close liaison with the Chair of the Board and cooperate with the Chair on any issue facing the Committee or any special request the Chair might have.
- Maintain a direct and personal line of communication with the external auditors in a manner to facilitate their full independence from management. The Committee will cooperate with the external auditors to find the best process to address any concern that they may have regarding the affairs of the Company.

- Promote the annual review of the Committee's performance including the review of the Chair's performance on a planned basis and encourage ways and means to facilitate that the scope of the mandate consistently reflects the requirements of the various regulators, as well as accounting and auditing profession standards.
- Review disclosure regarding the Audit Committee's work and duties in the information circular for accuracy.
- Satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.

#### **4.0 RESPONSIBILITIES**

4.1 The Committee is responsible to:

##### **Audit**

- (a) make recommendations to the Board regarding the selection and compensation of the external auditor to be engaged to prepare or issue an auditor's report or perform other audit, review or attest services for the Company who will report directly to the Committee;
- (b) obtain and review a report from the external auditor at least annually regarding:
  - (i) the external auditor's internal quality-control procedures;
  - (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the external audit firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm;
  - (iii) any steps taken to deal with any such issues; and
  - (iv) all relationships between the external auditor and the Company including non-audit services,
- (c) evaluate the qualifications, performance and independence of the external auditor, including considering whether the external auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and, internal auditors and to present its conclusions with respect to the external auditor to the Board;
- (d) satisfy itself of the rotation of the audit partners as required by law and consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the external auditing firm on a regular basis;
- (e) meet with the external auditor and financial management of the Company to review the scope of the proposed audit for the current year and the audit procedures to be used;
- (f) oversee the work of the external auditor engaged to prepare or issue an auditor's report or perform other audit, review or attest services for the Company, including the resolution of any disagreements between management and the external auditor regarding financial reporting;
- (g) pre-approve all non-audit services to be provided to the Company or any of its subsidiaries by the Company's external auditor;
- (h) review the performance of the external auditors;

- (i) review with management and the external auditors:
    - (i) any significant changes required in the external auditors' audit plan and any serious difficulties or disputes with management encountered during the course of the audit; and
    - (ii) other matters related to the conduct of the audit that are to be communicated to the Committee under generally accepted auditing standards,
  - (j) satisfy itself that the Company's annual audited financial statements are fairly presented in accordance with applicable Canadian generally accepted accounting principles and recommend to the Board whether the annual financial statements should be approved and included in the Company's Annual Report;
  - (k) review with the external auditors and management the quality of the Company's accounting principles as applied in its financial reporting process and any proposed changes in accounting principles;
  - (l) review the Company's audited financial statements and footnotes, MD&A and any annual or interim earnings press releases before the Company publicly discloses this information;
  - (m) satisfy itself that the Company has implemented appropriate systems of internal control over accounting, financial reporting and the safeguarding of the Company's assets and other "risk management" functions (including the identification of significant risks and the establishment of appropriate procedures to manage those risks and the monitoring of corporate performance in light of applicable risks) affecting the Company's assets, management and financial and business operations and that these are operating effectively;
  - (n) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.
  - (o) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company; and
  - (p) perform any other activities consistent with this Charter, the Company's articles and governing law, as the Committee or the Board deems necessary or appropriate.
- 4.2 The Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of Section 4.1(g) above, provided that the pre-approval by any member to whom authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.

## **5.0 MEETINGS**

- 5.1 The Chair will appoint a secretary who will keep minutes of all meetings (the "**Secretary**"). The Secretary does not have to be a member of the Committee or a Director and can be changed by simple notice from the Chair.
- 5.2 No business will be transacted by the Committee unless a quorum of the Committee is present or the business is transacted by resolution in writing signed by all members of the Committee. A majority of the Committee will constitute a quorum, provided that if the number of members of

the Committee is an even number, one half of the number of members plus one will constitute a quorum.

- 5.3 The Committee will meet as often as it deems necessary to carry out its responsibilities but not less frequently than quarterly.
- 5.4 The time at which, and the place where the meetings of the Committee will be held, and the procedure in all respects of such meetings will be determined by the Committee, unless otherwise provided for in the articles of the Company or otherwise determined by resolution of the Board.
- 5.5 Meetings may be held in person, by teleconferencing or by videoconferencing.
- 5.6 Any decision made by the Committee will be determined by a majority vote of the members of the Committee present. A member will be deemed to have consented to any resolution passed or action taken at a meeting of the Committee unless the member dissents.
- 5.7 Minutes of the Committee will be kept by the Secretary. The approved minutes of the Committee will be circulated to the Board forthwith and will be duly entered in the books of the Company.

## **6.0 ACCESS TO MANAGEMENT AND OUTSIDE ADVISORS**

- 6.1 The Committee will have full, free and unrestricted access to management and employees and to the relevant books and records of the Company.
- 6.2 The Committee may invite such other persons (i.e. the CEO, CFO, Controller) to its meetings, as it deems necessary.
- 6.3 The Committee will have the authority to
  - (a) retain independent legal, accounting or other relevant advisors as it may deem necessary or appropriate to allow it to discharge its responsibilities; and
  - (b) set and pay the compensation of any such advisors, at the expense of the Company.
- 6.4 Any advisors retained will report directly to the Committee.

## **7.0 REPORTING REQUIREMENTS**

- 7.1 The Committee will make regular reports to the Board following meetings of the Committee.

## **8.0 ANNUAL REVIEW AND ASSESSMENT**

- 8.1 The Committee will review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- 8.2 The performance of the Committee will be reviewed annually by the Company's Corporate Governance Committee.

## **9.0 REMUNERATION**

- 9.1 The members of the Committee will be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

## 10.0 RISK MANAGEMENT

- 10.1. To review, at least annually, and more frequently if necessary, the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks).
- 10.2. To inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk.
- 10.3. To request the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.
- 10.4. To assess the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board.

### Composition of the Audit Committee

The following are the members of the Committee:

Robert Culbert	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Brian C. Irwin	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Jay Sujir	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

<sup>(1)</sup> As defined in National Instrument 52-110 ("NI 52-110").

### Relevant Education and Experience

Below is a summary of the relevant education and experience of the members of the Audit Committee:

#### *Robert Culbert (Chairman)*

Robert Culbert is a self-employed businessman and engineer with over three decades of international project and business experience. Mr. Culbert has acquired 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.

#### *Brian C. Irwin*

Mr. Irwin practiced corporate and securities law for 40 years and has sat as a member of the boards of Directors and audit committees of a number of publicly traded companies since 1995. Mr. Irwin has acquired 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.

#### *Jay Sujir*

Mr. Jay Sujir is a partner of the law firm of Farris, Vaughan, Wills & Murphy LLP, of Vancouver, British Columbia, specializing in corporate finance and securities law. Mr. Sujir was called to the Bar of British Columbia in 1986 after receiving a Bachelor of Laws degree in 1985 and Bachelor of Arts (Economics and Philosophy) degree in 1981, both from the University of Victoria.

### Audit Committee Oversight

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

### **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 (*De Minimis Non-audit Services*) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

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

The Committee has not adopted any specific policies and procedures for the engagement of non-audit services as described above under the heading "Responsibilities". Routine non-audit services may be reviewed and approved by one or more independent members of the Committee and then must be presented to the full Committee at its next meeting. Any non-audit services for non-routine matters or that involve significant amount of work will be referred to the Board for approval.

### **Exemption in Section 6.1 of NI 52-110**

The Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirement of Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

### **External Auditor Service Fees (By Category)**

The aggregate fees billed by the Company's external auditors in the last two fiscal years for audit fees are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
2015	\$16,000	Nil	\$2,000	Nil
2016	\$17,000	Nil	\$2,000	Nil

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **Approval and Ratification of Stock Option Plan**

The Board of Directors of the Company implemented a Stock Option Plan (the "Plan") effective May 10, 2011, which was approved by the Exchange and the shareholders of the Company. The number of common shares which may be issued pursuant to options previously granted and those granted under the Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or is a consultant. Under Exchange policy, all such rolling Stock Option Plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis.

The purpose of the Plan is to allow the Company to grant options to Directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to five years as determined by the Board of Directors of the Company and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the Exchange. Pursuant to the Plan, the Board of Directors may from time to time authorize the issue of options to Directors, officers, employees and consultants of the Company and its subsidiaries or employees of companies providing management or consulting services to the Company or its subsidiaries. The Plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule in its discretion. The Plan provides that if a change of control, as defined therein, occurs, all shares subject to

option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

Therefore, at the Meeting, shareholders will be asked to pass a resolution in the following form:

“UPON MOTION IT WAS RESOLVED that the Company approve and ratify, subject to regulatory approval, the Stock Option Plan, pursuant to which the Directors may, from time to time, authorize the issuance of options to Directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of the grant, with a maximum of 5% of the Company’s issued and outstanding shares being reserved to any one person on a yearly basis.”

The full text of the Stock Option Plan is available for viewing up to the date of the Meeting at 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, and will also be available for viewing at the Meeting.

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote for the approval of the Stock Option Plan.**

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at (604) 638-1402 to request copies of the Company’s financial statements and MD&A.

Financial information is provided in the Company’s comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

#### **OTHER MATTERS**

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

DATED this 8<sup>th</sup> day of August, 2017.

APPROVED BY THE BOARD OF DIRECTORS

“Wayne Livingstone”  
Wayne Livingstone  
President and Chief Executive Officer