



**Gray Rock Resources Ltd.** Suite 900 • 570 Granville Street • Vancouver, BC • V6C 3P1

## **NOTICE OF ANNUAL GENERAL & SPECIAL MEETING**

TAKE NOTICE that the 2016 Annual General & Special Meeting of the Shareholders of Gray Rock Resources Ltd. (hereinafter called the "Company") will be held at Suite 900 - 570 Granville Street, Vancouver, British Columbia V6C 3P1 on **Thursday, June 30, 2016 at 2:00 p.m.** (Vancouver time) for the following purposes:

1. to receive the Report of the Directors;
2. to receive the financial statements of the Company for its fiscal year ended December 31, 2015 and the report of the Auditors thereon;
3. to appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration;
4. to determine the number of directors and to elect directors;
5. to ratify and approve by special resolution the mining lease with option to purchase the Silverstream Property granted to arm's length persons as more particularly described in the accompanying Information Circular;
6. to authorize and approve a private placement with an insider and resulting creation of a control person, as more particularly described in the accompanying Information Circular;
7. to ratify the 10% Rolling Stock Option Plan as described in the accompanying Information Circular; and
8. to transact such other business as may properly come before the Meeting.

Accompanying this Notice are Information Circular dated May 26, 2016, Form of Proxy, and a Request Form to receive annual and interim financial statements and management discussion and analysis. The accompanying Information Circular provides information relating to the matters to be addressed at the meeting and is incorporated into this Notice.

Shareholders are entitled to vote at the Meeting either in person or by proxy in accordance with the procedures described in the Information Circular accompanying this Notice. Those who are unable to attend the meeting are requested to read, complete, sign, and mail the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Information Circular accompanying this Notice.

DATED at Vancouver, British Columbia, this 26<sup>th</sup> day of May, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"David Wolfin"*

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David Wolfin  
President & Chief Executive Officer

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# GRAY ROCK RESOURCES LTD.

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Vancouver, BC V6C 3P1  
Tel.: (604) 682-3701

## INFORMATION CIRCULAR

**AS AT AND DATED May 26, 2016**

This Information Circular accompanies the Notice of the 2016 Annual General & Special Meeting (the “**Meeting**”) of shareholders of Gray Rock Resources Ltd. (hereinafter called the “**Company**”), and is furnished in connection with a solicitation of proxies for use at that Meeting and at any adjournment thereof.

### **APPOINTMENT OF PROXYHOLDERS AND COMPLETION AND REVOCATION OF PROXIES**

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 named in the enclosed proxy (the “**Management Designees**”) have been selected by the directors of the Company.

**A shareholder has the right to designate a person (who need not be a shareholder), other than the Management Designees to represent the shareholder at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the proxy the name of the person to be designated, and by deleting from the proxy the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Company.** Such shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxyholder and attend the Meeting, and provide instructions on how the shareholder’s shares are to be voted. The nominee should bring personal identification with them to the Meeting.

To be valid, the proxy must be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy). The proxy must then be delivered to the Company’s registrar and transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, or at the head office of the Company at Suite 900 – 570 Granville Street, Vancouver, British Columbia, V6C 3P1, at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment thereof. Proxies received after that time may be accepted by the Chairman of the Meeting in the Chairman’s discretion, but the Chairman is under no obligation to accept late proxies.

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. A proxy may be revoked by a registered shareholder personally attending at the Meeting and voting their shares. A shareholder may also revoke their proxy in respect of any matter upon which a vote has not already been cast by depositing an instrument in writing, including a proxy bearing a later date executed by the registered shareholder or by their authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the office of the Company’s registrar and transfer agent at the foregoing address or the head office of the Company at the foregoing address, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting, or any adjournment thereof. **Only registered shareholders have the right to revoke a proxy. Non-registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective nominees to revoke the proxy on their behalf.**

## PERSONS OR COMPANIES MAKING THE SOLICITATION

### THE ENCLOSED PROXY IS BEING SOLICITED BY MANAGEMENT OF THE COMPANY

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited by electronic delivery where requested by the Shareholders, as well as personally or by telephone by directors, officers, employees or consultants of the Company. Arrangements will also be made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of common shares of the Company (“**Common shares**”) pursuant to the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**National Instrument 54-101**”).

The Canadian securities regulators have adopted new rules under National Instrument 54-101 which permit the use of notice-and-access for proxy solicitation, instead of the traditional physical delivery of material. This new process provides the option to post meeting related materials, including management information circulars, as well as annual financial statements, and related Management's Discussion and Analysis (“MD&A”) on a website in addition to SEDAR. Under notice-and-access, such meeting related materials will be available for viewing for up to one (1) year from the date of posting, and a paper copy of the material can be requested at any time during this period. The Company is not relying on the notice-and-access provisions of National Instrument 54-101 to send proxy related materials to registered shareholders or beneficial owners of shares in connection with the Meeting.

The Company may reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining from their principals authorization to execute forms of proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. Unless otherwise stated, the information contained in this Information Circular is given as at May 26, 2016.

## VOTING OF PROXIES

Each shareholder may instruct their proxyholder how to vote their Common shares by completing the blanks on the proxy. All Common shares represented at the Meeting by properly executed proxies will be voted or withheld from voting when a poll is required or requested and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the Common shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the proxy, the Management Designees, if named as proxyholder, will vote in favour of the matters set out therein.**

**The enclosed proxy confers discretionary authority upon the Management Designees, or other person named as proxyholder, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters which may come before the Meeting. If other matters properly come before the Meeting, then the Management Designees intend to vote in a manner which in their judgment is in the best interests of the Company.**

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an “ordinary resolution”), unless the motion requires a “special resolution” in which case a majority of 66 2/3% of the votes cast will be required.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue unlimited Common shares without par value. There is one class of shares only. There are issued and outstanding **12,539,961** Common shares. At a General Meeting of the Company, on a show of hands, every shareholder present in person and entitled to vote and every proxy holder duly appointed by a holder of a share who would have been entitled to vote shall have one vote and on a poll, every shareholder present in person or represented by proxy shall have one vote for each share of which such shareholder is the registered holder.

To the knowledge of the directors and senior officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the outstanding voting rights of the Company other than:

Name	Number of Voting Securities	Percentage
David Wolfin	2,385,000	19.02%

The Articles of the Company provide that a quorum for the transaction of business at the Meeting is two (2) shareholders, or one or more proxyholders representing two shareholders, or one shareholder and a proxyholder representing another shareholder.

The directors have determined that all shareholders of record as of the **26<sup>th</sup> day of May, 2016** will be entitled to receive notice of and to vote at the Meeting. Those shareholders so desiring may be represented by proxy at the Meeting.

## BENEFICIAL HOLDERS

Only registered shareholders or duly appointed proxy-holders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" or "beneficial" shareholders because the shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the "**Beneficial Holder**") but which are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Beneficial Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("**CDS**")) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the Proxy (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Beneficial Holders.

Intermediaries are required to forward the Meeting Materials to Beneficial Holders unless a Beneficial Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Beneficial Holders. Generally, Beneficial Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Beneficial Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Beneficial Holder when submitting the proxy. In this case, the Beneficial Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deposit it with the Company's transfer agent as provided above; or**

- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Beneficial Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Beneficial Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Beneficial Holders to direct the voting of the shares which they beneficially own. Should a Beneficial Holder who receives one of the above forms wish to vote at the Meeting in person, the Beneficial Holder should strike out the names of the Management Proxy-holders named in the form and insert the Beneficial Holder's name in the blank space provided. **In either case, Beneficial Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

## PARTICULARS OF MATTERS TO BE ACTED UPON

TO THE KNOWLEDGE OF THE COMPANY'S DIRECTORS, THE ONLY MATTERS TO BE PLACED BEFORE THE MEETING ARE THOSE REFERRED TO IN THE NOTICE OF MEETING ACCOMPANYING THIS INFORMATION CIRCULAR. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

Additional detail regarding each of the matters to be acted upon at the Meeting is set forth below.

### I. Financial Statements

The audited financial statements of the company for the year ended December 31, 2015, (the "**Financial Statements**"), together with the Auditors' Report thereon, will be presented to the shareholders at the Meeting. Shareholders should note that in accordance with the rules of National Instrument 51-102 "Continuous Disclosure Obligations", shareholders will no longer automatically receive copies of financial statements unless a card (*in the form enclosed herewith*) has been completed and returned as instructed. Copies of all previously issued annual and quarterly financial statements and related MD&A are available to the public on the SEDAR website under the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.grayrockresources.com](http://www.grayrockresources.com). Hard copies of the Audited Annual Financial statements and MD&A will be available to shareholders free of charge upon request.

### II. Election of Directors

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. It is proposed that the number of directors for the ensuing year be fixed at three (3), subject to such increases as may be permitted by the Articles of the Company. At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at three (3).

It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next Annual General Meeting of the Company or until his successor is duly elected or appointed pursuant to the Articles of the Company unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) or the Company's Articles.

**It is the intention of the Management designees, if named as proxy, to vote for the election of the said persons to the Board of Directors, unless the Shareholder has specified in its proxy that its Common Shares are to be withheld from voting on the election of directors.**

The Management nominees for the Board of Directors and information concerning them as furnished by the individual nominees are as follows:

NAME, PRESENT OFFICE HELD AND PROVINCE OR STATE OF RESIDENCY	DIRECTOR SINCE	NUMBER OF SHARES BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, OR OVER WHICH CONTROL OR DIRECTION IS EXERCISED AT THE DATE OF THIS INFORMATION CIRCULAR	PRINCIPAL OCCUPATION AND IF NOT AT PRESENT AN ELECTED DIRECTOR, OCCUPATION DURING THE PAST FIVE (5) YEARS
DAVID WOLFIN West Vancouver, BC President, CEO and Director	June 22, 1990	807,000 (Directly) 1,578,000 (Indirectly)	President of the Company, and senior officer or director of several other reporting issuers
LEE ANN WOLFIN West Vancouver, BC Director	May 10, 1993	475,000	President & director of Cresval Capital Corp.
RANDY POLISCHUK Lillooet, BC Director	July 20, 2007	137,000	President of Howedown Creek Resources Ltd. and Fair Weather Road Building Ltd.

The Board of Directors is the audit committee. All of the nominees are residents of Canada.

#### **Corporate Cease Trade Orders or Bankruptcies**

To the knowledge of the Company, no director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity.

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

## **Individual Bankruptcies**

To the knowledge of the Company, no director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

## **Penalties or Sanctions**

To the knowledge of the Company, no proposed director of the Company 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 has been subject to 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.

## **III. Appointment of Auditors**

Management proposes the appointment of Manning Elliott LLP, Chartered Accountants, as Auditors of the Company for the ensuing year and that the directors be authorized to fix their remuneration. Manning Elliott, Chartered Accountants have been the Company's Auditors since February 7, 2013.

**In the absence of instructions to the contrary the shares represented by proxy will be voted in favour of a resolution to appoint Manning Elliot, LLP, as Auditors of the Company for the ensuing year, at a remuneration to be fixed by the Board of Directors, unless the Shareholder has specified in the Shareholder's proxy that the Shareholder's Common Shares are to be withheld from voting on the appointment of auditors.**

## **IV. Mining Lease with Option to Purchase the Silverstream Property, B.C.**

By a Mineral Claim Lease Agreement dated December 12, 2014, as amended December 12, 2015 (the "**Mining Lease**") among the Company, as lessor, and David R. Deering, P. Eng. and Saxifrage Geological Services Ltd. (collectively, the "**Lessee**"), the Company granted to the Lessee a seven (7) year lease of the Silverstream 2 mineral claim (Tenure No. 733585), covering 509.58 ha, located in the Lillooet Mining Division, B.C. (the "**Silverstream Property**") for the purposes of exploration, development and mining any and all metals, ores, minerals, rocks and materials of all kinds. It is the Lessee's responsibility at their sole expense, to apply for and obtain all required mining leases, mine permits and all other forms of governmental permits, licenses and bonds for their operations on the Silverstream Property. The Mining Lease provides for an annual rental of \$12,000 with the first rent payable by December 12, 2016, the payment of a 5% net smelter returns royalty on the commercial production of all mineral products other than jade and any other ornamental rocks or gemstones, and a 5% gross overriding royalty on the commercial production of all jade and any other ornamental rocks or gemstones. The Mining Lease expires on December 11, 2021. To date, there has been no commercial production of any kind on the Silverstream Property. The Silverstream Property has been subdivided into two new mineral claims: namely, Title Nos. 1043447 (448.43 ha) and 1043448 (20.38 ha), called the Silverstream 1 and Silverstream 2, respectively, each being in good standing until June 30, 2016.

Pursuant to the Mining Lease, the Company also granted to the Lessee the option to purchase the Silverstream Property during the term of the Mining Lease by notice in writing to the Company and the payment of a purchase price of \$500,000, and any future royalty payments due to the Company after the exercise of this option will be reduced by \$500,000. The Lessee has assumed the obligation to file or pay the annual assessment work on the Silverstream Property in order to maintain the Silverstream Property in good standing, and any taxes, rates and assessments levied against the Company by reason of the

Company's ownership of the Silverstream Property. In the event of the Lessee's failure to pay, the Company may elect (but is not obligated) to advance payment of such fees, expenses, taxes and assessments to maintain the Silverstream Property in good standing, and the Lessee will then reimburse the Company within the next 10 days, or the Lessee will be in default of the Mining Lease and the Company may give the Lessee notice of termination of the Mining Lease. The Mining Lease may also be terminated by the Lessee at any time by written notice to the Company.

Upon termination of the Mining Lease, the Lessee must pay to the Company any outstanding obligations to the effective date of termination, has the right to perform reclamation work to obtain the release of any bond posted by the Lessee as security for reclamation work, and must remove from the Silverstream Property all equipment, personal property, improvements, broken or stockpiled ore, minerals, concentrates and other products, within six months from the effective date of termination. For further details, a complete copy of the Mining Lease is available on SEDAR under the Company's profile ([www.sedar.com](http://www.sedar.com)).

David Deering is a Professional Engineer, as well as the founder, President & CEO of Whistler Jade Inc. Mr. Deering has over 30 years of management experience in the mining industry, and is an independent consultant for mine development, economic evaluation and technical report for exploration and mining projects. He has been the past president and director of several publicly listed mining companies, and is a graduate of BC Institute of Technology and the Colorado School of Mines. Saxifrage Geological Consulting Services Ltd. is a private company owned and operated by Helgi Sigurgeirson, P. Geo., who has 20 years of experience as an exploration geologist in Canada, Mexico and China. Mr. Sigurgeirson's company is active in quarrying operations, including blasting, and Mr. Sigurgeirson holds a BSc. in Geological Sciences from the University of British Columbia.

The Silverstream Property has been a dormant exploration project of the Company since 2007, when the Company completed a mineral exploration and drilling program with unsuccessful results. The Silverstream Property has a historical jade mine located on it from a previous operator. The Company has first approached by the Lessee in the fall of 2014 for the purpose of negotiating the Mining Lease on the Property, with their primary interest being in its potential to produce commercial grade jade. Since entering into the Mining Lease, the Lessee has successfully subdivided the Silverstream Property, and has filed notices of work for the prospecting and exploration for jade, which is still ongoing.

The Company has incurred total acquisition and exploration costs on the Silverstream Property of \$294,387 (net of any government tax credits). The management of the Company believes that the Mining Lease is fair and reasonable to the shareholders of the Company because it provides a means by which the arm's length third party Lessee can further explore and develop the Silverstream Property at no direct cost to the Company and with limited operational risk to the Company. The Mining Lease is considered to be a cost recovery mechanism for the Company, with the potential for a future royalty revenue stream.

In view of the option to purchase the Silverstream Property contained in the Mining Lease, there is a potential for the sale of the Silverstream Property to the Lessee, which considering the present assets and financial position of the Company could be considered the sale of all or substantially all of the undertaking of the Company. Therefore, the Company must seek the approval of the shareholders of the Company to the Mining Lease by special resolution. A "special resolution" means a resolution approved by at least two-thirds of the shareholders who vote in person or by proxy at the Meeting. Shareholders will be asked at the Meeting to approve with or without variation the following resolution:

"BE IT RESOLVED by special resolution that the Mining Lease with an option to purchase the Silverstream Property granted by the Company to David R. Deering and Saxifrage Geological Consulting Ltd. is hereby ratified and approved."



**The board of directors of the Company have determined that the Mining Lease is in the best interests of the Company as a whole, and therefore recommends that the shareholders vote in favour of the special resolution for the Mining Lease.**

## **V. Proposed Private Placement with Insider**

The Company proposes to complete a private placement (the “**Offering**”) of 2,500,000 units (collectively, the “**Units**”, and individually a “**Unit**”) for \$0.02 per Unit with David Wolfin, the President, Chief Executive Officer and a director of the Company, to raise gross proceeds of \$50,000 for the Company’s immediate general working capital requirements. Each Unit will consist of one (1) common share and one (1) non-transferable share purchase warrant (collectively, the “**Warrants**”, and individually a “**Warrant**”). The Warrants will be exercisable to acquire one additional common share at \$0.05 per share for a period of two (2) years from the date of closing of the Offering. The net proceeds of the Offering will be used to maintain and preserve the Company’s existing operations, activities and assets. The proposed Offering has been approved by the independent directors of the Company, and Mr. Wolfin has abstained from voting thereon. The terms of the Offering have been conditionally accepted by the TSX Venture Exchange (“**TSXV**”), under its policies regarding financings for listed issuers in financial distress, subject to disinterested shareholder approval (as described below).

The Offering is a related party transaction as defined under Multilateral Instrument 61-101 *Protection of Minority Shareholders in Special Transactions* (“**MI 61-101**”), which has been adopted by the TSXV under its Policy 5.9 of the same title. However, the Offering will be exempted from the requirement of a formal valuation report under MI 61-101, because neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Offering exceeds 25% of the Company’s market capitalization under section 5.5(a) of MI 61-101, and further the Offering is a distribution of securities to a related party for cash consideration under section 5.5(c) of MI 61-101. The Offering will also be exempted from the requirement of majority of the minority shareholder approval under MI 61-101, again because neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the Offering exceeds 25% of the Company’s market capitalization under section 5.7(a) of MI 61-101, and the Offering is a distribution of securities for cash consideration less than \$2.5 million under section 5.7(b) of MI 61-101. In addition, these requirements are also inapplicable in circumstances where an issuer (such as the Company) is experiencing financial hardship, and the Offering is designed to improve the financial position of the Company (sections 5.5(g) and 5.7(e) of MI 61-101).

If the proposed Offering is completed, Mr. Wolfin will hold the following securities of the Company, together with his current holdings of common shares and warrants, directly or indirectly:

<b>Security Type</b>	<b>Current Holdings</b>	<b>Proposed Offering</b>	<b>Total Holdings Post-Offering</b>
Common Shares	2,385,000 (directly and indirectly)	2,500,000	4,885,000
Warrants	1,000,000 <sup>(1) (2)</sup> (indirectly)	2,500,000	3,500,000
<b>Total Fully Diluted:</b>	3,385,000	5,000,000	8,385,000

<sup>(1)</sup>500,000 share purchase warrants are exercisable at \$0.05 per share until May 12, 2017.

<sup>(2)</sup>500,000 share purchase warrants are exercisable at \$0.05 per share until July 3, 2017.

Prior to the Offering, Mr. Wolfin controls, directly or indirectly, 19.02% of the total issued shares, or 26.99% on a fully diluted basis. Subsequent to the Offering, Mr. Wolfin will control 32.48% of the then total issued shares, or 45.23% of the then total issued shares on a fully diluted basis.

Pursuant to the policies of the TSXV, and as a result of the Offering, the creation of a Control Person (i.e., a person holding directly or indirectly 20% or more of the total issued shares of an issuer) will require the approval of the disinterested shareholders of the Company. In respect of the ordinary resolution to approve the Offering, and the meaning of “disinterested shareholders”, Mr. Wolfin, and all of his associates and affiliates, as those terms are defined under the policies of the TSXV, are excluded from voting on the matter. If the proposed Offering is not approved by the disinterested shareholders, then the Company will not proceed with the transaction. The Offering will be further subject to the final acceptance of the TSXV.

**Management of the Company recommends that the disinterested shareholders vote in favour of the resolution to approve the proposed Offering, and the persons named in the enclosed form of proxy intend to vote for the approval of the resolution at the Meeting, unless otherwise directed by the shareholders appointing them.**

## **VI. Ratification of Incentive Stock Option Plan**

At last year’s Annual General Meeting, the Shareholders re-approved the rolling stock option plan that had originally passed in 2009 (the “**Stock Option Plan**” or “**Plan**”) authorizing the issuance of incentive stock options to directors, officers, employees and consultants to an aggregate of 10% of the issued shares from time to time. The TSX Venture Exchange policies (“**TSX-V**”) require the approval of the Stock Option Plan by the Company’s “disinterested shareholders” (as defined below) on an annual basis. There are currently **12,539,961** common shares issued and outstanding, therefore the current 10% threshold is **1,253,996** shares under the Stock Option Plan. The material terms of the Plan remain the same.

Incentive stock options under the Stock Option Plan may be granted by the Board of Directors to eligible persons, who are directors, officers or consultants of the Company or its subsidiaries (if any), or who are employees of a company providing management services to the Company, or who are eligible charitable organizations. Stock options may be granted under the Stock Option Plan with a maximum exercise period of up to ten (10) years, as determined by the Board of Directors of the Company.

The Stock Option Plan will limit the number of stock options which may be granted to any one individual to not more than 5% of the total issued shares of the Company in any 12 month period (unless otherwise approved by the disinterested shareholders of the Company), and not more than 10% of the total issued shares to all insiders at any time or granted over any 12 month period. The number of options granted to any one consultant or person employed to provide investor relations activities in any 12 month period must not exceed 2% of the total issued shares of the Company. Any stock options granted under the Stock Option Plan will not be subject to any vesting schedule, unless otherwise determined by the Board of Directors or required by the policies of the TSX-V.

Options under the Plan must be granted at an exercise price which is at or above the current discounted market price (as defined under the policies of the Exchange) on the date of the grant. In the event of the death or permanent disability of an optionee, any option granted to such optionee will be exercisable upon the earlier of 365 days from the date of death or permanent disability, or the expiry date of the option. In the event of the resignation, or the termination or removal of an optionee without just cause, any option granted to such optionee will be exercisable for a period of 90 days thereafter. In the event of termination for cause, any option granted to such optionee will be cancelled as at the date of termination.

A copy of the plan will be made available at the Company’s head office located at Suite 900 – 570 Granville Street, Vancouver, British Columbia V6C 3P1, until 4:00 p.m. Pacific Standard Time on the business day immediately preceding the date of the Meeting.

The Stock Option Plan must be approved by a majority of the "disinterested shareholders" entitled to vote present in person or by proxy at the Meeting, and be accepted for filing by the TSX-V. "Disinterested shareholders" mean all Shareholders of the Company who are not directors, officers,

promoters, or other insiders of the Company, or their associates or affiliates, as such terms are defined under the *Securities Act* (British Columbia).

To the knowledge of the Company, shareholders who are ineligible to vote on the approval of the Stock Option Plan and their respective shareholdings are as follows:

<b>Name of Insider, Associate or Affiliate</b>	<b>Number of Shares</b>
David Wolfin	2,385,000
Lee Ann Wolfin	475,000
Randy Polischuk	137,000

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

“BE IT RESOLVED that the Company’s Stock Option Plan be and is hereby approved.”

In the event that disinterested shareholder approval is not obtained at the Meeting, the Company will implement a fixed stock option plan for up to 10% of the Company’s issued shares (which does not require shareholder approval), and any existing stock options granted under the Stock Option Plan as previously approved by the disinterested shareholders of the Company at the last Annual General Meeting will not be affected.

## **EXECUTIVE COMPENSATION**

For purposes of this Statement of Executive Compensation, “named executive officer” of the Company means an individual who, at any time during the year, was:

- (a) the Company’s chief executive officer (“CEO”);
  - (b) the Company’s chief financial officer (“CFO”);
  - (c) each of the Company’s three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers as at the end of the most recently completed financial year and whose total salary and bonus exceeded \$150,000; and
  - (d) any additional individuals for whom disclosure would have been provided under (c) except that the individuals was not serving as an officer of the Company at the end of the most recently completed financial year;
- each a “Named Executive Officer” (“NEO”).

Based on the foregoing definition, during the last completed fiscal year of the Company, there were two (2) NEOs, namely, its President and CEO, David Wolfin and its CFO, Malcolm Davidson.

### **1) COMPENSATION DISCUSSION AND ANALYSIS**

The Company does not have a compensation program other than paying base salaries, incentive bonuses, and incentive stock options to the NEOs, based upon the recommendations of the Compensation Committee. The Company and its Compensation Committee recognize the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive’s level of responsibility. The objectives of base salary are to recognize market pay, and acknowledge the competencies and skills of individuals. The objectives of incentive bonuses in the form of cash payments are designed to add a variable component of compensation, based on corporate and individual performances for executive officers and employees. No incentive bonuses were paid to executive officers and employees during the most recently completed fiscal year. The objectives of the stock option are to reward achievement of long-term financial and operating performance and focus on key activities and achievements critical to the ongoing

success of the Company. Implementation of a new incentive stock option plan and amendments to the existing stock option plan are the responsibility of the Company's Compensation Committee.

The Company has no other forms of compensation, although payments may be made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers. The process for determining executive compensation relies solely on Board discussions with the input from and upon the recommendations of the Compensation Committee, without any formal objectives criteria and analysis.

Actual compensation will vary based on the performance of the executives relative to the achievement of goals and the price of the Company's securities.

Compensation Element	Description	Compensation Objectives
Annual Base Salary	Salary is market-competitive, fixed level of compensation	Retain qualified leaders, motivate strong business performance
Incentive Bonuses	Discretionary cash payment	Reward individual performance in achieving corporate goals
Incentive Stock Option	Equity grants are made in the form of stock options. The amount of grant will be dependent on individual and corporate performance	Reward long-term financial and operating performance and align interests of key employees with those of shareholders

## 2) SUMMARY COMPENSATION TABLE

The following table sets forth particulars concerning the compensation paid or accrued for services rendered to the Company in all capacities during the last three most recently completed financial years ended December 31 of the Company to its NEOs:

Name and principal position	Year	Salary (\$)	Share-based awards (\$) <sup>1</sup>	Option-based awards (\$) <sup>2 4</sup>	Non-equity incentive plan compensation (\$) <sup>3</sup>	Pension value (\$) <sup>3</sup>	All other compensation (\$)	Total compensation (\$)
DAVID WOLFIN President, CEO and Director	2015	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2014	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	2013	NIL	NIL	NIL	NIL	NIL	NIL	NIL
MALCOLM DAVIDSON CFO	2015	\$6,763	NIL	NIL	NIL	NIL	NIL	\$6,763
	2014	\$3,543	NIL	NIL	NIL	NIL	NIL	\$3,543
	2013	10,733	NIL	NIL	NIL	NIL	NIL	\$10,733

<sup>1</sup> The Company does not currently have any share-based award plans.

<sup>2</sup> The methodology used to calculate the grant date fair value is the last closing price of the Company's Listed Shares before the date of the stock option grant less the exercise price, based on the Black-Scholes Option Pricing Model. The Company used the following assumptions in the model to determine the award recorded above: Dividend Yield – Nil; Expected Life – N/A; Volatility – N/A; Risk Free Interest Rate – N/A.

<sup>3</sup> The Company does not have any non-equity incentive plans or any pension plans.

<sup>4</sup> No incentive stock options have been granted during financial year ended December 31, 2015.

### **Annual Base Salary**

Base Salary for the NEOs are determined by the Board upon the recommendation of the Compensation Committee and its recommendations are reached primarily by comparison of the remuneration paid by other reporting issuers with the same size and industry and with publicly available information on remuneration that the Compensation Committee feels is suitable.

The Annual Base Salary paid to the NEOs shall, for the purpose of establishing appropriate increases, be reviewed annually by the Board upon the recommendation of the Compensation Committee thereof as part of the annual review of executive officers. The decision on whether to grant an increase to the executive's base salary and the amount of any such increase shall be in the sole discretion of the Board and Compensation Committee thereof.

### **Non-Equity Incentive Plan Compensation**

One of the three components of the Company's compensation package is a discretionary annual cash bonus, paid to recognize individual performance in attaining corporate goals and objectives. The Company does not have a long-term incentive plan.

### **Option Based Awards**

An Option Based Award is in the form of the grant of an incentive stock option. The objective of the incentive stock option is to reward NEOs', employees' and directors' individual performance at the discretion of the Board of directors upon the recommendation of the Compensation Committee. The plan currently used by the Company is its 2009 Stock Option Plan (the "Plan"), under which stock options have been granted and may be granted to purchase a number equal to 10% of the Company's issued capital from time to time. For details of the Plan please refer to "Particulars of Matters to be Act Upon" in the Information Circular.

The Plan is administered by the Compensation Committee. The process the Company uses to grant option-based awards to NEOs is based upon the recommendations of the Compensation Committee to the Board of Directors.

The role of the Compensation Committee is to recommend to the Board the compensation of the Company's directors and the NEOs which the Committee feels is suitable.

As of December 31, 2015, no stock options have been granted under the Plan. All previous grants of option-based awards are taken into account when considering new grants.

## **3) INCENTIVE PLAN AWARDS**

### **Outstanding share-based awards and option-based awards**

The following table sets forth the options granted to the NEOs to purchase or acquire securities of the Company outstanding at the end of the most recently completed financial year ended December 31, 2015:

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 share-based awards not paid out or distributed (\$)
David Wolfen President, CEO & Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Malcolm Davidson <sup>(2)</sup> CFO	N/A	N/A	N/A	N/A	N/A	N/A	N/A

<sup>(1)</sup> No incentive stock options have been granted during financial year ended December 31, 2015.

#### Incentive plan awards – value vested or earned during the year

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to NEOs during the most recently completed financial year ended December 31, 2015:

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
David Wolfen President, CEO & Director	N/A	N/A	N/A
Malcolm Davidson CFO	N/A	N/A	N/A

<sup>(1)</sup> No incentive stock options have been granted during financial year ended December 31, 2015.

#### 4) PENSION PLAN BENEFITS

No pension plan or retirement benefit plans have been instituted by the Company and none are proposed at this time.

## 5) TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company did not have, at the end of its most recently completed fiscal year, any employment contracts with the executive officers under which there are any specified provisions for termination of employment or change in responsibilities.

## 6) DIRECTOR COMPENSATION

The following table sets forth the value of all compensation paid to the directors in their capacity as directors during the most recently completed financial year ended December 31, 2015:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Lee Ann* Wolfen	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Randy* Polischuk	NIL	NIL	NIL	NIL	NIL	NIL	NIL
David** Wolfen	NIL	NIL	NIL	NIL	NIL	NIL	NIL

\*Independent & Non-Employee Directors

\*\*CEO's, see Summary Compensation Table above

<sup>(1)</sup> No incentive stock options have been granted to non-employee directors during the financial year ended December 31, 2015.

No director of the Company who is not a Named Executive Officer has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as Directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of Directors in their capacity as Directors except for the granting of stock options; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

The Company may grant incentive stock options to Directors of the Company from time to time pursuant to the stock option plan of the Company and in accordance with the policies of the TSX Venture Exchange (the "TSX-V").

### Outstanding share-based awards and option-based awards

The following table sets forth the options granted to the directors to purchase or acquire securities of the Company outstanding at the end of the most recently completed financial year ended December 31, 2015:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#) <sup>(1)</sup>	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 (\$) <sup>(1)</sup>	Market or payout value of share-based awards not paid out or distributed (\$)
Lee Ann Wolfen	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Randy Polischuk	NIL	NIL	NIL	NIL	NIL	NIL	NIL

<sup>(1)</sup> No incentive stock options have been granted during financial year ended December 31, 2015.

### Incentive plan awards – value vested or earned during the year

An “incentive plan” is any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specific period. An “incentive plan award” means compensation awarded, earned, paid or payable under an incentive plan.

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to directors during the most recently completed financial year ended December 31, 2015:

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Lee Ann Wolfen	NIL	NIL	NIL
Randy Polischuk	NIL	NIL	NIL

<sup>(1)</sup> No incentive stock options have been granted during financial year ended December 31, 2015.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only compensation plan of the Company under which equity securities are currently authorized for issuance is the Stock Option Plan. The Stock Option Plan was previously approved by the shareholders of the Company. The table below summarizes information in relation to the Common Shares reserved for issuance under the Stock Option Plan as of December 31, 2015.



Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under the Stock Option Plan (excluding securities reflected in column (a))
Stock Option Plan - approved by security holders	N/A*	N/A*	1,203,996
Stock Option Plan – not approved by security holders (before this Meeting)	N/A*	N/A*	50,000
Total:			1,253,996

\*No incentive stock options have been granted.

### **MANAGEMENT CONTRACTS**

Management functions of the Company are not, to any degree, performed by a person or persons other than the directors or executive officers of the Company.

### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

None of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, and no associates or affiliates of any of them, is or has been indebted to the Company or its subsidiaries at any time since the beginning of the Company's last completed financial year.

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

No Informed Persons of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Company's last 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 other than as disclosed under the heading "Particulars of Matters to be Acted Upon".

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

None of the directors or senior officers of the Company, no management nominee for election as a director of the Company, none of the persons who have been directors or senior 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 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 other than as disclosed under the heading "Particulars of Matters to be Acted Upon".

## **AUDIT COMMITTEE**

Under National Instrument 52-110 – Audit Committees (“NI 52-110”) reporting issuers in those jurisdictions which have adopted NI 52-110 are required to provide disclosure with respect to its audit committee including the text of the audit committee’s charter, composition of the committee, and the fees paid to the external auditor. Accordingly, the Company provides the following disclosure with respect to its audit committee:

### **Audit Committee Charter**

#### **1. Purpose of the Committee**

1.1 The purpose of the Audit Committee is to assist the Board in its oversight of the integrity of the Company's financial statements and other relevant public disclosures, the Company's compliance with legal and regulatory requirements relating to financial reporting, the external auditors' qualifications and independence and the performance of the internal audit function and the external auditors.

#### **2. Members of the Audit Committee**

2.1 At least one member must be “financially literate” as defined under NI 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, 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.

2.2 The Audit Committee shall consist of no less than three Directors.

2.3 At least one Member of the Audit Committee must be “independent” as defined under NI 52-110, while the Company is in the developmental stage of its business.

#### **3. Relationship with External Auditors**

3.1 The external auditors are the independent representatives of the shareholders, but the external auditors are also accountable to the Board of Directors and the Audit Committee.

3.2 The external auditors must be able to complete their audit procedures and reviews with professional independence, free from any undue interference from the management or directors.

3.3 The Audit Committee must direct and ensure that the management fully co-operates with the external auditors in the course of carrying out their professional duties.

3.4 The Audit Committee will have direct communications access at all times with the external auditors.

#### **4. Non-Audit Services**

4.1 The external auditors are prohibited from providing any non-audit services to the Company, without the express written consent of the Audit Committee. In determining whether the external auditors will be granted permission to provide non-audit services to the Company, the Audit Committee must consider that the benefits to the Company from the provision of such services, outweighs the risk of any compromise to or loss of the independence of the external auditors in carrying out their auditing mandate.

- 4.2 Notwithstanding section 4.1, the external auditors are prohibited at all times from carrying out any of the following services, while they are appointed the external auditors of the Company:
- (i) acting as an agent of the Company for the sale of all or substantially all of the undertaking of the Company; and
  - (ii) performing any non-audit consulting work for any director or senior officer of the Company in their personal capacity, but not as a director, officer or insider of any other entity not associated or related to the Company.

## **5. Appointment of Auditors**

- 5.1 The external auditors will be appointed each year by the shareholders of the Company at the annual general meeting of the shareholders.
- 5.2 The Audit Committee will nominate the external auditors for appointment, such nomination to be approved by the Board of Directors.

## **6. Evaluation of Auditors**

- 6.1 The Audit Committee will review the performance of the external auditors on at least an annual basis, and notify the Board and the external auditors in writing of any concerns in regards to the performance of the external auditors, or the accounting or auditing methods, procedures, standards, or principles applied by the external auditors, or any other accounting or auditing issues which come to the attention of the Audit Committee.

## **7. Remuneration of the Auditors**

- 7.1 The remuneration of the external auditors will be determined by the Board of Directors, upon the annual authorization of the shareholders at each general meeting of the shareholders.
- 7.2 The remuneration of the external auditors will be determined based on the time required to complete the audit and preparation of the audited financial statements, and the difficulty of the audit and performance of the standard auditing procedures under generally accepted auditing standards and generally accepted accounting principles of Canada.

## **8. Termination of the Auditors**

- 8.1 The Audit Committee has the power to terminate the services of the external auditors, with or without the approval of the Board of Directors, acting reasonably.

## **9. Funding of Auditing and Consulting Services**

- 9.1 Auditing expenses will be funded by the Company. The auditors must not perform any other consulting services for the Company, which could impair or interfere with their role as the independent auditors of the Company.

## **10. Role and Responsibilities of the Internal Auditor**

- 10.1 At this time, due to the Company's size and limited financial resources, the CEO and CFO of the Company shall be responsible for implementing internal controls and performing the role as the internal auditor to ensure that such controls are adequate.

## **11. Oversight of Internal Controls**

11.1 The Audit Committee will have the oversight responsibility for ensuring that the internal controls are implemented and monitors, and that such internal controls are effective.

## **12. Continuous Disclosure Requirements**

12.1 At this time, due to the Company's size and limited financial resources, the Secretary of the Company is responsible for ensuring that the Company's continuous reporting requirements are met and in compliance with applicable regulatory requirements.

## **13. Other Auditing Matters**

13.1 The Audit Committee may meet with the Auditors independently of the management of the Company at any time, acting reasonably.

13.2 The Auditors are authorized and directed to respond to all enquiries from the Audit Committee in a thorough and timely fashion, without reporting these enquiries or actions to the Board of Directors or the management of the Company.

## **14. Annual Review**

14.1 The Audit Committee Charter will be reviewed annually by the Board of Directors and the Audit Committee to assess the adequacy of this Charter.

## **15. Independent Advisers**

15.1 The Audit Committee shall have the power to retain legal, accounting or other advisors to assist the Committee.

### **Composition of Audit Committee**

Following the election of directors pursuant to this Information Circular, the following will be members of the Audit Committee:

<b>Name</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(2)</sup></b>	<b>Education and/or Experience</b>
David Wolfin	No	Yes	Officer and/or director of several reporting issuers
Lee Ann Wolfin	Yes	Yes	Juris Doctor (California), foreign accreditation (British Columbia) and director of another reporting issuer
Randy Polischuk	Yes	Yes	President of two private companies

<sup>(1)</sup> A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

<sup>(2)</sup> An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth 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.

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

### Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board of Directors to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

### External Auditor Service Fees

The fees billed by the Company's external auditors in each of the last two fiscal years for audit and non-audit related services provided to the Company or its subsidiaries (if any) are as follows:

FINANCIAL YEAR ENDING DECEMBER 31	AUDIT FEES	AUDIT RELATED FEES	TAX FEES <sup>(1)</sup>	ALL OTHER FEES
2015	\$10,500	Nil	\$1,300	Nil
2014	\$10,500	Nil	\$3,600	Nil

<sup>(1)</sup> Tax fees include the preparation of the Company and its subsidiary's annual tax returns. This amount is estimated for 2015.

### Exemption

The Company has relied upon the exemption provided by section 6.1 of NI 52-110, which exempts a venture issuer from the requirement to comply with the restrictions on the composition of its Audit Committee and the disclosure requirements of its Audit Committee in an annual information form as prescribed by NI 52-110. The Company is a "venture issuer" as that term is defined under NI 52-110.

## CORPORATE GOVERNANCE

### General

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

## Board of Directors

The Board exercises its independent supervision over the Company's management through frequent meetings of the Board.

The Board is comprised of three (3) directors, two (2) of whom, Randy Polischuk and Lee Ann Wolfin, are independent for the purposes of NI 58-101. David Wolfin is not independent since he serves as President & CEO of the Company.

## Directorships

Certain directors of the Company are also directors of other reporting issuers, as follows:

Director	Other Reporting Issuers
David Wolfin	Avino Silver & Gold Mines Ltd. Berkley Renewables Inc. Cresval Capital Corp. Coral Gold Resources Ltd. Great Thunder Gold Corp.
Lee Ann Wolfin	Cresval Capital Corp.

## Orientation and Continuing Education

New Board members receive an orientation package which includes reports on operations and results, and public disclosure filings by the Company. Board meetings are sometimes held at the Company's offices and, from time to time, are combined with presentations by the Company's management to give the directors additional insight into the Company's business. In addition, management of the Company makes itself available for discussion with all Board members.

## Ethical Business Conduct

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

## Nomination of Directors

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

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

## **Compensation**

The Company currently pays no cash compensation to its directors and believes this is appropriate at the Company's current stage of development and levels of activity.

## **Assessments**

Due to the minimal size of the Company's board of directors, no formal policy has been established to monitor the effectiveness of the directors, the Board and its committees.

## **OTHER MATTERS**

MANAGEMENT KNOWS OF NO OTHER MATTERS TO COME BEFORE THE MEETING OTHER THAN THOSE REFERRED TO IN THE NOTICE OF MEETING. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at Suite 900 - 570 Granville Street, Vancouver, B.C., V6C 3P1 to request copies of the Company's financial statements and MD&A of financial results. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year.

## **BOARD APPROVAL**

The contents of this Information Circular have been approved and its distribution has been authorized by the Directors of the Company.

Where information contained in this Information Circular, rests specifically within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

**By Order of the Board of Directors**

**GRAY ROCK RESOURCES LTD.**

*"David Wolfin"*

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David Wolfin, President & CEO