

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “**Guidelines**”) adopted in National Policy 58-201. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company’s approach to corporate governance is set out below.

Board of Directors

Management is nominating five individuals to the Board, all of whom are current directors of the Company.

Mark T. Brown is the current Chairman of the Board.

The Guidelines suggest that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. The “material relationship” is defined as a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a director’s independent judgement. All of the current members of the Board are considered “independent” within the meaning of NI 52-110, except for Richard A. Winters, who is the Interim President and CEO of the Company and Mark T. Brown, who is Chairman of the Board.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO and the President. The Board will give direction and guidance through the President to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee, Corporate Governance and Compensation Committee, and Health, Environmental and Safety Committee and the chairperson of each committee. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities of each committee, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of both the CEO and the President, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over management by its policies that: (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each

fiscal quarter. The Board will also meet at any other time at the call of the President, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia) (the “**Act**”), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees.

Directorships

The following directors of the Company are also directors of other reporting issuers as stated:

- Leanne M. Baker is a director of Agnico Eagle Mines Limited, McEwen Mining and Reunion Gold Corporation.
- Mark T. Brown is a director of Avrupa Minerals Ltd., Big Sky Petroleum Corporation, Galileo Petroleum Ltd., Strategem Capital Corporation, Tarsis Resources Ltd., Alianza Holdings Ltd. and Almaden Minerals Ltd.
- James A. Crombie is a director of Avala Resources Ltd., Reunion Gold Corporation, Highland Copper Company Inc., Arian Silver Corporation, Odyssey Resources Ltd. and Torex Gold Resources Inc.
- Allen S. Winters is a director Highland Copper Company Inc.

Orientation and Continuing Education

The Board’s practice is to recruit for the Board only persons with extensive experience in the mining and mining exploration business and in public company matters. Prospective new board members are provided a reasonably detailed level of background information, verbal and documentary, on the Company’s affairs and plans prior to obtaining their consent to act as a director.

The Board provides training courses to the directors as needed, to ensure that the Board is complying with current legislative and business requirements.

Ethical Business Conduct

To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Company’s operations, and the small number of officers and consultants, allow the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

Nomination of Directors

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and a majority of the non-executive directors.

Corporate Governance and Compensation Committee

The Company has formed a Corporate Governance and Compensation Committee comprised of Mark T. Brown (Chairman) and James Crombie (the “**Corporate Governance and Compensation Committee**”) whose primary purpose is to enable the Company to recruit, retain and motivate employees and ensure conformity between compensation and other corporate objectives and review and recommend for Board consideration, all compensation packages, both present and future, for the Company’s management and directors (including bonuses and option grants). David Fennell was a member of the Corporate Governance and Compensation Committee until his resignation on March 24, 2015. Of the current members of the Corporate Governance and Compensation Committee, Mr. Crombie is considered to be “independent” as such term is defined in NI 52-110. Mr. Brown is not “independent” as he is also the Chairman of the Board of the Company.

The quantity and quality of the Board compensation is reviewed on an annual basis by the Board. At present, the Board is satisfied that the current compensation arrangements, which currently consist solely of incentive stock options, adequately reflect the responsibilities and risks involved in being an effective director of the Company.

Members of the Corporate Governance and Compensation Committee are appointed or reappointed at the meeting of the Board following the Company’s annual general meeting and from among the appointees to the Corporate Governance and Compensation Committee the Board appoints a chairperson, whose duties include overseeing the proper functioning of the Corporate Governance and Compensation Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

The Corporate Governance and Compensation Committee will meet as often as may be necessary or appropriate in its judgment.

The Corporate Governance and Compensation Committee is accountable to the Board and reports to the Board at the Board’s next regular meeting all deliberations and actions it has taken since any previous report.

Other Board Committees

The written charter of the Audit Committee, as required by NI 52-110, is contained in Schedule “A” to this Circular. The Company has also formed a Health, Environmental & Safety Committee comprised of Richard Winters and Allen S. Winters. The principal purpose of the Health, Environmental & Safety Committee is to review and monitor the environmental policies and activities of the Company on behalf of the Board and the activities of the Company as they relate to the health and safety of employees of the Company in the workplace.

Annually, following the annual general meeting of the Company, the Board elects from its members not less than three directors to serve on the Health, Environmental & Safety Committee. Each member holds office until the close of the next annual general meeting of the Company or until the member resigns or is replaced, whichever first occurs. The Board appoints one of the directors on the Health, Environmental & Safety Committee as the chairperson, whose duties include overseeing the proper functioning of the Health, Environmental & Safety Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

Assessments

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. As the Company grows, and its operations and management structure became more complex, the Board expects it will constitute formal standing committees.

PARTICULARS OF MATTERS TO BE ACTED UPON

Confirming Stock Option Plan

Shareholders are being asked to confirm approval of the Stock Option Plan, which was initially adopted by the directors of the Company on June 7, 2011. There have been no changes to the Stock Option Plan since it was adopted by the directors. The Stock Option Plan is subject to approval by the Exchange.

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting.

1. The maximum aggregate number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding share capital of the Company, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the last closing price of the Company's shares traded through the facilities of the Exchange prior to the announcement of the option grant, or such other price as may be required or permitted by the Exchange, or if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
1. The Board shall not grant options to any one person in any 12 month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.
2. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding ten years from the date on which the Board grants and announces the granting of the option.

3. If the option holder ceases to be a director of the Company (other than by reason of death), then the option granted shall expire 90 days following the date the option holder ceases to be a director of the Company unless he or she continues to be engaged by the Company as an employee or a consultant, in which case the expiry date shall remain unchanged.
4. If the option holder ceases to be an employee or consultant of the Company (other than by reason of death), then the option granted shall expire 90 days following the date the option holder ceases to be an employee or consultant of the Company unless he or she continues to be engaged by the Company in a different position with the Company, in which case the expiry date shall remain unchanged.
5. The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the Exchange, stock options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the stock options vesting in any three month period.

In accordance with the policies of the Exchange, a plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting. Accordingly, at the Meeting, the shareholders will be asked to pass the following resolution:

“IT IS RESOLVED THAT the Stock Option Plan is hereby approved and confirmed.”

General Matters

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Financial information about the Company is provided in the Company's comparative annual financial statements to December 31, 2014, a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR profile at www.sedar.com. Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company by telephone at 303-238-1438.

BOARD APPROVAL

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 27th day of April, 2015.

ON BEHALF OF THE BOARD

(signed) *“Richard A. Winters”*

Richard A. Winters
Chief Executive Officer