



Suite 1120 -1095 West Pender Street, Vancouver, BC, V6E 2M6  
Telephone: (604) 601-3651 - Facsimile: (604) 681-6866

## INFORMATION CIRCULAR

(As at November 1, 2016, except as indicated)

Spanish Mountain Gold Ltd. (the “**Company**”) is providing this Information Circular and Form of Proxy in connection with Management’s Solicitation of Proxies for use at the Annual General Meeting (the “**Meeting**”) of the Shareholders of the Company to be held on December 15, 2016, at the hour of 10:30 a.m. (Pacific Time) for the following purposes:

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the Meeting’s proxy-related materials (the “**Meeting Materials**”) to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

#### 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 Trust Company of Canada, Proxy Dept., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M4J 2Y1, not 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.

### **Notice and Access Process**

In February 2013, the Canadian Securities Administrators implemented regulatory amendments to securities laws, including National Instrument 54-101, Communication with Beneficial Owners of Securities of a Reporting Issuer ("NI 54-101") and National Instrument 51-102, Continuous Disclosure Obligations ("NI 51-102") governing the delivery of proxy-related materials by public companies. As a result, public companies are now permitted to deliver the Meeting's proxy-related materials (the "**Meeting Materials**") to their shareholders using the notice-and-access mechanism ("**Notice-and-Access**") (as defined under NI 54-101) by posting such materials both on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval website ("**SEDAR**") and a non-SEDAR website, rather than delivering the materials by mail. The use of Notice-and-Access will decrease the Company's paper consumption, as well as reduce its printing and mailing costs.

In order for the Company to employ Notice-and-Access, the Company must send a notice to its shareholders indicating that the proxy-related materials have been posted electronically and explaining how a shareholder can access them or request a paper copy of those materials from the Company.

The Company is sending this Information Circular to shareholders using Notice-and-Access as permitted by NI 54-101 and NI 51-102. The Meeting Materials, including this Information Circular, are available on the Company's website at [www.spanishmountaingold.com/s/ShareholderMeetings.asp](http://www.spanishmountaingold.com/s/ShareholderMeetings.asp) and will remain on the website for at least one full year from the date that the Meeting Materials were posted on SEDAR. The Meeting Materials are also available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company will not use procedures known as "stratification" in relation to its use of Notice-and-Access for the Meeting. Stratification occurs when a reporting issuer using Notice-and-Access provides a paper copy of the relevant information circular to some, but not all, shareholders with the notice package in relation to the relevant meeting. With respect to the Meeting, registered shareholders will receive a paper copy of each of the Notice of the Meeting and a form of proxy, whereas non-registered Shareholders (see "**Non-Registered Holders**" section below) will receive a paper copy of the Notice of the Meeting and a voting instruction form.

Shareholders wishing to receive paper copies of the Meeting Materials prior to the date of the Meeting may request a copy from the Company by calling toll-free in North America at 1-855-772-6397 or requesting by email to [info@spanishmountaingold.com](mailto:info@spanishmountaingold.com). The Company will send paper copies of the Information Circular to requesting shareholders at no cost to them within three business days of the request, if such requests are made before the Meeting, or within ten calendar days, if such requests are made after the date of the Meeting.

### **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, TFSA'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 and a notice (the "**Notice-and-Access Notification**") in the form required under the Notice-and-Access regime adopted by the Canadian Securities Administrators, 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. Common 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.

In addition, Canadian securities legislation permits the Company to forward meeting materials directly to "non objecting beneficial owners". If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. The Company is sending the Meeting Materials directly to non objecting beneficial owners.

The Company does not intend to pay for an intermediary to deliver to "objecting beneficial owners" the Meeting Materials and Form 54-101F7 (Request for Voting Instructions Made by Intermediaries).

#### **Revocability of Proxy**

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered 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. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their respective Nominees to revoke the proxy on their behalf.**

#### **Voting Securities and Principal Holders Thereof**

The Company's authorized share capital consists of an unlimited number of Common Shares without par value, an unlimited number of First Preferred Shares with special rights and restrictions, and an unlimited number of Second Preferred Shares with special rights and restrictions. As of November 1, 2016 (the "**Record Date**"), there were 218,114,373 fully paid and non-assessable Common Shares issued and outstanding, each Common Share carrying the right to one vote. There are no First Preferred Shares or Second Preferred Shares issued and outstanding.

To the knowledge of the directors and executive officers of the Company, as at the Record Date, there were no persons or companies that beneficially own, or control or direct, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares except Ian Watson, a director of the Company, who owns directly or indirectly 26,419,470 Common Shares representing 12.11% of total Common Shares outstanding.

## 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 six (6).

The Company has an audit committee and a compensation committee. Members of these committees are 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, is as follows:

<b>Name, Jurisdiction of Residence and Position <sup>(1)</sup></b>	<b>Present Principal Occupation or Employment<sup>(1)</sup></b>	<b>Date First Appointed as a Director</b>	<b>No. of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(2)</sup></b>
<b>IAN WATSON<sup>(4)</sup></b> Director & Chairman London, United Kingdom	Chairman of Watson Ventures Limited	September 28, 2009	26,419,470
<b>JAMES CLARE<sup>(3)(4)</sup></b> Director Toronto, Canada	Partner at Bennett Jones LLP, Director of Riverside Resources Inc.	June 13, 2008	Nil
<b>DALE CORMAN</b> Director British Columbia, Canada	Chairman and Director of Western Copper & Gold Corporation, Copper North Mining Corp. and Northisle Copper and Gold Inc.	February 10, 2010	15,000
<b>CHRISTOPHER LATTANZI, P.ENG.<sup>(3)</sup></b> Director Ontario, Canada	Mining Engineer; Consultant; President of Micon International Limited (1988-2005); Director of Argonaut Gold Inc. and Teranga Gold Corporation.	June 13, 2008	666,667
<b>DONALD COXE</b> Director Illinois, U.S.	Chairman of Coxe Advisors LLC.	September 20, 2011	916,667
<b>JAMES ROGERS</b> Director Singapore	Author, financial commentator and international investor; Director of Crusader Resources Limited.	April 11, 2012	833,333

**Notes:**

- (1) The information as to province or state and country of residence, present principal occupation or employment and the number of Common Shares beneficially owned or controlled, is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) Does not include stock options or warrants held by the directors.
- (3) Member of the Audit Committee
- (4) Member of the Compensation Committee

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 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 director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the 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 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 other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a director; or

The following directors of the Company hold directorships in other reporting issuers as set out below:

Name of Director	Name of Other Reporting Issuer
James Clare	Riverside Resources Inc. <sup>(1)</sup>
Dale Corman	Western Copper and Gold Corporation. <sup>(2)</sup> , Copper North Mining Corp. <sup>(1)</sup> , NorthIsle Copper and Gold Inc. <sup>(1)</sup>
Christopher Lattanzi	Argonaut Gold Inc. <sup>(2)</sup> , Teranga Gold Corporation <sup>(2)</sup>
Donald Coxe	Coxe Commodity Strategy Fund
James Rogers	Crusader Resources Limited <sup>(3)</sup>

<sup>(1)</sup> Listed on the TSX Venture Exchange

<sup>(2)</sup> Listed on the Toronto Stock Exchange

<sup>(3)</sup> Listed on Australian Securities Exchange

## STATEMENT OF EXECUTIVE COMPENSATION

### *Principal Holders, General Provisions*

For the purposes of this Circular:

“**CEO**” of the Company means an individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” of the Company means an individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**equity incentive plan**” means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Boards.

“**executive officer**” of the Company means an individual who is the Chairman or Vice-Chairman of the Board, the President, a Vice-President in charge of a principal business unit, division or function including sales, finance or production, an officer of the Company or any of its subsidiaries who performed a policy making function in respect of the Company, or any other individual who performed a policy making function in respect of the Company;

“**incentive plan**” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

“**incentive plan award**” means compensation awarded, earned, paid or payable under an incentive plan;

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

- (a) a CEO;
- (b) a CFO;
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year;

“**non-equity incentive plan**” means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

“**option-based award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

“**plan**” includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

“**replacement grant**” means an option that a reasonable person would consider to be granted in relation to a prior or potential cancellation of an option;

“**repricing**” means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

“share-based award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

### **Objectives of Compensation Strategy**

The objectives of the Company’s compensation strategy are:

- to attract, retain and motivate executives with the requisite skills, experience and commitment necessary to achieve the Company’s goals and objectives for the exploration and subsequent development of the Spanish Mountain gold project;
- to strengthen the Company’s senior management team and structure an independent board to oversee the affairs of the Company by providing fair, competitive and cost-effective compensation to the Company’s executives;
- to align the interests of management with those of the Shareholders; and
- to provide rewards for outstanding corporate and individual performance.

The Company has established a Compensation Committee which has been given the authority to assess the performance of the Company’s senior executives and determine their compensation. The Compensation Committee also reviews, reports and provides recommendations to the Board of Directors (the “**Board**” or “**Board of Directors**”).

The Compensation Committee consists of two members, namely Ian Watson and James Clare. Mr. Clare is an independent director of the Board. Mr. Watson is not considered an independent director as he received indirect compensation from the Company from March 2011 to October 2013 and the details of which are provided below. To avoid potential conflicts in formulating directors’ compensation, Mr. Watson abstains from decisions affecting the compensation directly or indirectly paid to him. The Company’s Board, in which five of six directors are independent, provides oversight to the Compensation Committee’s activities and approves all significant actions recommended by the Compensation Committee. The Board of Directors of the Company believes that the members of the Compensation Committee collectively have the knowledge, experience and background required to fulfill their mandate.

### **What the Compensation Strategy is Designed to Reward**

The Compensation Committee endeavours to ensure that the Company’s compensation strategy effectively compensates, motivates and rewards senior management of the Company on the basis of individual and corporate performance, both short term and long term, while keeping in mind the duty that the Company owes to its Shareholders. The base salaries of senior management of the Company are set at levels which the Company believes are competitive with the base salaries paid by companies of comparable or similar size within the exploration and mining industry, thereby enabling the Company to compete for and retain executives critical to the long term success of the Company.

### **Each Element of Compensation**

Compensation includes base salary, grants of stock options and bonuses based on available funds. The amount of bonus paid, if any, is based on individual performance and achievement of corporate responsibilities, accountabilities and overall contribution to the Company.

### **Why the Company Chooses to Pay Each Element**

The components of executive compensation are based on pay structures that the Company considers to be reasonable for similar exploration and mining companies in terms of size, asset and stage of development. It provides the Company the ability to retain qualified and experienced individuals to achieve the Company’s short and long term

goals. Ultimately this provides the Company with established executives able to provide leadership and able to execute strategies consistent with the Company's corporate objectives.

### **How the Company Determines the Amount for Each Element**

The Compensation Committee is responsible for making recommendations to the Board for compensation levels. Compensation levels have been determined through informal consultation that compares compensation levels of similar exploration and mining companies. The Company had not conducted a formal survey or benchmarking for each element of the executive compensation during the most recently completed fiscal year as it believed that the current Compensation arrangements remained competitive and accordingly required no significant re-evaluation or adjustments of the elements or levels of the Compensation.

When determining compensation policies and individual compensation levels for the Named Executive Officers, the Compensation Committee takes into consideration a variety of factors. These factors include the overall financial and operating performance of the Company, the Committee and the Board's overall assessment of each executive's individual performance and his contribution towards meeting corporate objectives, levels of responsibility, length of service, and available industry comparables.

The Board of Directors and the Compensation Committee have not systematically evaluated the implications of the risks associated with the Company's compensation program. However, the Board believes that the Company's current compensation practice will not encourage Named Executive Officers to expose the Company to undue risks that will adversely impact the long term performance of the Company.

**Salary:** The salary for each Named Executive Officer is primarily determined having regard to his position, responsibilities, the assessment of such individual's performance and overall corporate performance as presented by management to the Board and the Compensation Committee. The base salaries of executive officers are reviewed annually and adjusted when considered appropriate. Base salary is intended to provide the Named Executive Officer with a compensation level competitive with base salaries within the mining industry.

**Bonuses:** The Compensation Committee will consider whether it is appropriate and in the best interests of the Company to award a discretionary cash bonus to the Named Executive Officers and if so, in what amount. A cash bonus may be awarded to reward extraordinary performance that has led to increased value for Shareholders through property acquisitions or divestitures, the formation of new strategic or joint venture relationships, capital raising efforts or achieving satisfaction of predetermined and agreed upon performance criteria. Demonstrations of extraordinary personal commitment to the Company's interests, the community and the industry may also be rewarded through a cash bonus.

**Stock Options:** The Compensation Committee may from time to time recommend the grant of stock options to the Company's executive officers under the Stock Option Plan. All grants of options are reviewed and approved by the Board. Grants of stock options are intended to enforce and encourage the executive officer's commitment to the Company's growth and the enhancement of share value and to reward executive officers for the Company's performance. The grant of stock options, as a key component of the executive compensation package, enables the Company to attract and retain qualified executives. The Compensation Committee reviews option balances and recommends grants to newly hired executive officers at the time of their employment, and considers further grants to executive officers from time to time thereafter to such executive officers. The amount and terms of outstanding options held by an executive are taken into account when determining whether and how new option grants should be made to the executive. The number of Common Shares which may be subject to option in favour of any one individual is limited under the terms of the Stock Option Plan. The Company does not have a formal policy prohibiting the purchase of financial instruments designed to hedge or offset a decrease in market value of equity based securities granted as compensation or held, directly or indirectly, by the Named Executive Officers or directors. However, the Company does not believe such hedging instruments are readily available and is not aware of any hedging strategies currently employed by any Named Executive Officers.



## **Employment Contracts**

The Company has entered into an employment agreement with Larry Yau as Chief Financial Officer and Corporate Secretary. Mr. Yau was appointed Chief Executive Officer effective September 29, 2016 after serving as Interim Chief Executive Officer since June 1, 2015 following the retirement of Morris Beattie. The Company also have entered consulting agreements with Dr. Beattie as President, Chief Executive Officer, and Judy Stoeterau as Vice President, Geology. Together, Messrs. Yau, Beattie, and Ms. Stoeterau are referred herein as the “**Named Executives**”.

As at November 1, 2016, an employment contract with Mr. Yau as Chief Executive Officer has not been finalized. Mr. Yau’s previous position as Chief Financial Officer of the Company was affirmed by way of an agreement as amended, which remains effective until superseded. If the Company terminates Mr. Yau’s contract without cause, Mr. Yau is entitled to receive twelve months Working Notice (defined below). The Company will pay Mr. Yau an amount equal to twice his annual compensation then in effect if there have been material changes to Mr. Yau’s employment conditions following the occurrence of a Triggering Event (defined below). Mr. Yau is expected to apply his expertise, skills, labour and attention to the needs of the Company on a full time basis.

By way of a consulting agreement as amended between the Company and Beattie Consulting Limited, Dr. Beattie was retained as a consultant on October 15, 2009 to provide technical services to the Company and was subsequently appointed as Chief Operating Officer on September 5, 2011 and as President and Chief Executive Officer on October 31, 2013. Dr. Beattie retired and resigned from his position as President, Chief Executive Officer of the Company effective May 31, 2015; no separation benefits were paid under the terms of his consulting agreement. Dr. Beattie was expected to perform, not less than 180 days per annum, with due diligence and to the best of his ability such consultative and advisory duties as instructed by the Board of Directors.

The employment agreement for Larry Yau outlines his position and responsibilities as well as sets out the terms of employment and matters such as compensation and vacation. Mr. Yau’s base salary is subject to annual review. At the discretion of the Board of Directors of the Company, he may receive a cash bonus reflecting favourable performance of the Company and may also receive incentive options to purchase Common Shares, at the discretion of the Board of Directors of the Company and subject to the Stock Option Plan.

The Company may terminate the agreement with Mr. Yau at any time for just cause without notice or compensation or upon the Company providing a written notice of its intent to terminate (“**Working Notice**”), unless otherwise specified or a Triggering Event has occurred. Once the Company has given a Working Notice, then the Company, at its sole discretion, may pay a lump sum in an amount equal to their annual salary divided by twelve for each month remaining in the period following the date of receipt of Working Notice in lieu of continuing to serve the Company during such remaining period.

A “Triggering Event” is defined as (i) a take-over bid (as defined in the Securities Act (British Columbia)) which is successful in acquiring Common Shares; (ii) a change of control of the Board of Directors of the Company, defined as the election by the Shareholders of less than a majority of the persons nominated for election by management of the Company; (iii) a sale or other disposition of all or substantially all the assets of the Company; (iv) a sale, exchange or other disposition of a majority of the outstanding Common Shares in a single or series of related transactions; (v) a termination of the Company’s business or the liquidation of its assets; or (vi) a merger, amalgamation or plan of arrangement or other corporate restructuring of the Company in a transaction or series of transactions in which the Shareholders as a group receive less than a majority of the outstanding Common Shares of the new or continuing corporation.

In the case of the occurrence of a Triggering Event, Mr. Yau, may elect to continue to be employed by the Company, or, if there has occurred any material alteration, reduction or diminution in the annual salary or benefits, or any material adverse change in status, position, authority, duties or responsibilities, give 30 days’ notice in writing to the Company regarding the termination of their respective employment agreements within twelve months after the date of the Triggering Event.

Under the terms of his agreement, Mr. Yau, may terminate his employment with the Company at any time upon giving 90 days’ written notice to the Company, after which the Company may, at its sole discretion, pay a lump sum in an

amount equal to his annual salary divided by twelve for each month remaining in the notice period following the date of receipt of such notice in lieu of continuing to serve the Company during such remaining period.

By way of an agreement between the Company and Judy Stoeterau, Ms. Stoeterau was retained as a consultant providing geological expertise to the Company and was subsequently appointed as Vice-President, Geology on March 9, 2011. Ms. Stoeterau may also receive incentive options to purchase Common Shares, at the discretion of the Board of Directors of the Company and subject to the Stock Option Plan. The consulting agreement between Ms. Stoeterau and the Company may be terminated by each party upon thirty days' written notice.

The agreements for each Named Executive include provisions that restrict the use of confidential information of the Company by the Named Executives and provide for the return of Company properties and documents upon termination of employment.

### **Summary Compensation Table**

The following table is a summary of compensation paid, payable, awarded or granted to the Named Executive Officers for the financial year ended December 31, 2015. None of the Name Executive Officers received any "share-based awards" or any non-equity long term incentive plan pay grants for 2015. The Company does not have a pension plan.

Name And Principal Position	Year	Salary (\$) <sup>(6)</sup>	Share- Based Awards (\$)	Option- Based Awards (\$) <sup>(5)</sup>	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$) <sup>(6)</sup>	Total Compensation (\$)
					Annual Incentive Plans	Long- Term Incentive Plans			
Larry Yau <sup>(1)</sup> Chief Executive Officer and Interim Chief Financial Officer	2015	\$79,899	Nil	Nil	Nil	Nil	Nil	\$45,658	\$125,557
	2014	\$140,077	Nil	Nil	Nil	Nil	Nil	\$84,966	\$225,043
	2013	\$240,000	Nil	Nil	Nil	Nil	Nil	\$4,716	\$244,716
Judy Stoeterau <sup>(2)</sup> VP, Geology	2015	\$13,000	Nil	Nil	Nil	Nil	Nil	\$45,861	\$58,861
	2014	\$116,590	Nil	Nil	Nil	Nil	Nil	\$39,642	\$156,232
	2013	\$165,100	Nil	Nil	Nil	Nil	Nil	\$2,780	\$167,880
Morris Beattie <sup>(3)</sup> Former Chief Executive Officer	2015	Nil	Nil	Nil	Nil	Nil	Nil	\$38,000	\$38,000
	2014	\$99,935	Nil	Nil	Nil	Nil	Nil	\$60,065	\$160,000
	2013	\$220,000	Nil	Nil	Nil	Nil	Nil	Nil	\$220,000
Brian Groves <sup>(4)</sup> Former Chief Executive Officer, President	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	\$216,667	Nil	Nil	Nil	Nil	Nil	\$69,046	\$285,713

#### **Notes:**

- (1) Mr. Yau's appointment as CEO was effective September 29, 2016 and as CFO since January 2010.
- (2) Judy Stoeterau's appointment was effective March 9, 2011.
- (3) Mr. Beattie's appointment as President and CEO was effective November 1, 2013 and as COO was effective September 5, 2011. He has also been a director since March 27, 2011. The salary amount represents compensation Mr. Beattie received in his capacity as a NEO.
- (4) Mr. Groves' position as President and CEO was terminated effective October 31, 2013. Under the terms of his employment agreement he was paid \$65,923 termination benefits.
- (5) Amounts are calculated based upon the Black-Scholes valuation model applied to options granted including the vested and unvested balances using assumptions that are consistent with those used in the Company's financial statements. The Company believes the valuation model used provides a reasonable basis to calculate the fair value of the option based awards and is consistent with the general practice by public companies. The Company has not made any option-based awards since April 23, 2012 and accordingly has not reported compensation in connection therewith during fiscal years 2014 and 2015.
- (6) In order to preserve the cash position of the Company, the Named Executive Officers voluntarily accepted reduced salaries as well as deferred a portion of their compensation during 2015 and 2014 as follows: 2015 - \$40,100 for Mr. Yau, \$44,000 for Ms. Stoeterau and \$38,000 for Mr. Beattie; 2014 - \$55,000 for Mr. Yau, \$37,000 for Ms. Stoeterau and \$60,065 for Mr. Beattie.

## **INCENTIVE PLAN AWARDS**

The Company has a Stock Option Plan in place for the purpose of attracting and motivating directors, officers, employees and consultants of the Company and advancing the interests of the Company by affording such persons the opportunity to acquire an equity interest in the Company through rights granted under the Stock Option Plan to purchase Common Shares.

The Company does not have any share-based awards in place.

### **Outstanding Option-Based Awards**

The following table discloses the particulars of all awards for each NEO outstanding at the end of the Company's financial year ended December 31, 2015, including awards granted before this most recently completed financial year:

Name	Option-Based Awards			
	Number Of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value Of Unexercised In-The-Money Options (\$) <sup>(1)</sup>
Larry Yau	300,000	\$0.65	March 9, 2016	Nil
	300,000	\$0.55	April 23, 2017	Nil
Judy Stoeterau	250,000	\$0.65	March 9, 2016	Nil
	250,000	\$0.55	April 23, 2017	Nil
Morris Beattie <sup>(2)</sup>	Nil	N/A	N/A	Nil

- (1) "In-the-money options" means the excess of the market value of the Common Shares on December 31, 2015 over the exercise price of the options. The last trading price of the Common Shares on the TSX Venture Exchange ("TSX-V") on December 31, 2015 was \$0.03.
- (2) In accordance with the Company's Stock Option Plan, all the options awarded to Dr. Beattie were forfeited on August 31, 2015 following the termination of his consulting agreement effective May 31, 2015.

### **Value Vested or Earned During the Year**

All outstanding stock options were fully vested prior to 2015. The value vested or earned during the year ended December 31, 2015, of incentive plan awards granted to the Named Executive Officers as are as follows:

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 (\$)
Larry Yau	Nil	N/A	N/A
Judy Stoeterau	Nil	N/A	N/A
Morris Beattie	Nil	N/A	N/A
Brian Groves	Nil	N/A	N/A

- (1) "Value vested during the year" means the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. This amount is calculated by the excess of the market price of the underlying securities at exercise over the exercise or base price of the options under the option-based award on the vesting date.

### **Options Re-pricing**

There were no re-pricing of stock options under the Stock Option Plan or otherwise during the Company's financial year ended December 31, 2015.

## **PENSION PLAN BENEFITS**

The Company has no pension plans (whether defined contribution or defined benefit) that provide for payments or benefits to any NEO at, following or in connection with retirement.

## **TERMINATION AND CHANGE OF CONTROL BENEFITS**

Other than as set forth in “*Employment Contracts*”, the Company is not a party to any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, or a change of control of the Company, its subsidiaries or affiliates or a change in the Named Executive Officer’s responsibilities.

## **DIRECTOR COMPENSATION**

### **Director Compensation Table**

The following table discloses all amounts of compensation provided by the Company to its directors who are not NEOs for the financial year ended December 31, 2015:

<b>Name</b>	<b>Fees Earned<sup>(1)</sup> (\$)</b>	<b>Share- Based Awards (\$)</b>	<b>Option- Based Awards<sup>(2)</sup> (\$)</b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
Ian Watson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Donald Coxe	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Christopher Lattanzi	Nil	Nil	Nil	Nil	Nil	Nil	Nil
James Clare	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Dale Corman	Nil	Nil	Nil	Nil	Nil	Nil	Nil
James Rogers	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Includes all fees directly or indirectly awarded, earned, paid or payable in cash for services as a director, including annual retainer fees, committee, chair and meeting fees.
- (2) Amounts are calculated based upon the Black-Scholes valuation model applied to options granted including the vested and unvested balances using assumptions that are consistent with those used in the Company’s financial statements.

### **Option-Based Awards and Non-Equity Incentive Plan Compensation**

The following table sets out all option-based awards outstanding as at December 31, 2015, for each director, excluding a director who is already set out in disclosure for a Named Executive Officer for the Company:

Name	Option-based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value Of Unexercised In-The-Money Options (\$) <sup>(1)</sup>
Ian Watson	250,000	\$0.65	March 9, 2016	Nil
	450,000	\$0.55	April 23, 2017	Nil
Donald Coxe	750,000	\$0.82	Sept 20, 2016	Nil
Christopher Lattanzi	100,000	\$0.65	March 9, 2016	Nil
	100,000	\$0.55	April 23, 2017	Nil
James Clare	50,000	\$0.65	March 9, 2016	Nil
	50,000	\$0.82	Sept 20, 2016	Nil
	100,000	\$0.55	April 23, 2017	Nil
Dale Corman	200,000	\$0.55	April 23, 2017	Nil
James Rogers	1,000,000	\$0.44	April 11, 2017	Nil

- (1) “In-the-money options” means the excess of the market value of the Common Shares on December 31, 2015 over the exercise price of the options. The last trading price of the Common Shares on the TSX-V on December 31, 2015 was \$0.03.

The Company does not have any share-based awards in place.

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

The following table sets forth information, in relation to the directors, other than NEOs, of the Company, regarding the value vested or earned in connection with incentive plan awards during the 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 Vested During the Year (\$)
Ian Watson	Nil	N/A	N/A
Donald Coxe	Nil	N/A	N/A
Christopher Lattanzi	Nil	N/A	N/A
James Clare	Nil	N/A	N/A
Dale Corman	Nil	N/A	N/A
James Rogers <sup>(3)</sup>	Nil	N/A	N/A

- (1) “Value vested during the year” means the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. This amount is calculated by the excess of the market price of the underlying securities at exercise over the exercise or base price of the options under the option-based award on the vesting date.

There are no arrangements for the compensation of directors for committee participation or special assignments.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth details of the Company's compensation plans under which equity securities of the Company are authorized for issuance at December 31, 2015.

### Equity Compensation Plan Information

Plan Category	Number Of Securities To Be Issued Upon Exercise Of Outstanding Options <sup>(1)</sup>	Weighted-Average Exercise Price Of Outstanding Options	Number Of Securities Remaining Available For Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by securityholders	4,845,000	\$0.61	12,556,903
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>4,845,000</b>	<b>\$0.61</b>	<b>12,556,903</b>

(1) At December 31, 2015, there were no warrants or rights outstanding under the Company's Equity Compensation Plans.

The Company has a fixed number Stock Option Plan that reserves a specified number of Common Shares up to a maximum of 20% of the Company's issued Common Shares as at the date of Shareholder approval. The exercise price of any option granted shall not be less than the fair market value of the Common Shares at the time of the grant. The expiry date for each option, set by the Board of Directors at the time of issue, shall not be more than five years after the grant date. Unless stipulated by the Board of Directors, options granted generally vest 25% on date of grant and a further 25% vest every six months. The Shareholders approved an increase in the maximum number of stock options available for grant on June 15, 2009, to 17,401,903 from 9,413,366.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the financial year ended December 31, 2015, no current or former director, executive officer, employee, proposed management nominee for election as a director of the Company nor any of their respective associates or affiliates, is, or has been at any time since the beginning of a last completed financial year, indebted to the Company or any subsidiary, nor has any such person been indebted to any other entity where such indebtedness is a subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Company.

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

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

## **INTEREST OF INFORMED PERSONS, MANAGEMENT AND OTHERS 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 transactions since 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 LLP, Chartered Professional Accountants of Vancouver, British Columbia, are the auditors of the Company. Smythe LLP, Chartered Professional Accountants, were first appointed auditors on May 17, 2004. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Smythe LLP as auditors of the Company to hold office for the ensuing year at remuneration to be fixed by the directors.

## **MANAGEMENT CONTRACTS**

Due to the significant increase in investor and shareholder activities in Europe during the recent years, the Board of Directors authorized the Company to retain Lancelot Gold Limited, a London-based firm, to provide marketing, administrative support and, if required, office facility. A director of the Company is a director and major shareholder of this firm. For the year ended December 31, 2015, the Company did not incur any fees for such services. As a part of the Company's cost cutting program, the payment to Lancelot has been suspended since November 2013.

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS**

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

### ***Audit Committee Charter***

The Company's audit committee (the "**Audit Committee**") is governed by an audit committee charter, the text of which is attached as Schedule "F" to the Information Circular dated May 13, 2008, a copy of which is available online at [www.sedar.com](http://www.sedar.com).

### ***Composition of the Audit Committee***

After the resignation of Morris Beattie on May 31, 2015, the Audit Committee is currently comprised of two directors, Christopher Lattanzi and James Clare. As defined in NI 52-110, Christopher Lattanzi and James Clare are independent. Each Audit Committee Member is financially literate and possesses education or experience that is relevant for the performance of their responsibilities as Audit Committee members.

### ***Relevant Education and Experience***

Christopher Lattanzi is a professional mining engineer and is the former President of Micon International Limited, mineral industry consultants from its founding in 1988 to mid-2005. Mr. Lattanzi has been a member of the Company's Audit Committee since 2009 and serves in a number of public resource companies' audit committees providing oversight to all matters regarding internal controls, financial reporting and disclosure. He has been active in the consulting area since 1967 when he joined David S. Robertson & Associates, Micon's predecessor firm. Prior to joining Robertson & Associates, he was in charge of mine design and operation of Canada's first oil sands operation. He has directed or participated in the preparation of feasibility studies for mineral deposits in Canada, the United States, Africa, Europe and Asia. These projects have involved base metals, precious metals and potash, and initial capital expenditures of up to about \$500 million. Mr. Lattanzi served as Chairman and lead director of Meridian Gold Corp. prior to that company's merger with Yamana Resources Inc.

James Clare is a member of the Securities Law Group of Bennett Jones LLP and practices in the areas of corporate and securities law with an emphasis on corporate finance and mergers and acquisitions. Mr. Clare contributes significantly to the Company's practices and policies on public disclosure as well as issues related to financing and securities issuance. Mr. Clare's practice is focused on the mining and oil and gas sectors. His transactional experience includes domestic and cross-border public and private corporate finance transactions representing issuers and underwriters as well as merger and acquisition transactions. He also advises public issuers on general corporate and securities law matters including stock exchange listings, continuous disclosure obligations and other regulatory compliance issues. In 2002 Mr. Clare was seconded to the Corporate Finance Branch of the Ontario Securities Commission.

### ***Audit Committee Oversight***

Since the commencement of the Company's most recently completed financial year, the Company's Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### ***Reliance on Certain Exemptions***

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in section 2.4 (*De Minimis Non-audit Services*) or Part 8 (*Exemptions*) of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

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

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board of Directors, and where applicable the Audit Committee, on a case-by-case basis.

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

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.



The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

<b>Nature of Services</b>	<b>Fees Paid to Auditor in Year Ended December 31, 2015</b>	<b>Fees Paid to Auditor in Year Ended December 31, 2014</b>
Audit Fees <sup>(1)</sup>	\$19,380	\$27,540
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	Nil	\$3,500 <sup>(5)</sup>
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total</b>	<b>\$19,380</b>	<b>\$31,040</b>

Notes:

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

### **Exemption**

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a Venture Issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## **DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES**

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

National Policy 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 the Board**

The Company's Board consists of six directors, five of whom are independent based upon the tests for independence set forth in NI-52-110. James Clare, Dale Corman, Christopher Lattanzi, Donald Coxe, and James Rogers are independent. Ian Watson is not independent as he is the Chairman of the Board of Directors and has indirectly received compensation from the Company as disclosed previously.

### **Management Supervision by Board**

The size of the Company is such that all the Company's operations are conducted by a small management team. 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 also able to meet at any time without any members of management including the non-independent director being present. Further supervision is performed

through the audit committee which is composed of independent directors who is scheduled meet with the Company's auditors at least annually and may request meetings without management being in attendance.

### **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;
3. access to management, technical experts and consultants; and
4. a summary of significant corporate and securities responsibilities.

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.

### **Nomination of Directors**

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

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

The Board of Directors has the responsibility for determining compensation for the directors and senior management, based on recommendations of the Compensation Committee.

To determine compensation payable, the directors review compensation paid for directors and CEOs of companies of similar size and stage of development in the mineral exploration 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. In setting or adjusting the compensation the directors annually review the performance of the CEO in light of the Company's objectives and consider other factors that may have impacted the success of the Company in achieving its objectives.

### **Board Committees**

The Company has an audit committee and a compensation committee. Given the limited size of the Company's operations, 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. 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.

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

### **OTHER BUSINESS**

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the Management Designees to vote the same in accordance with their best judgment of such matters.

### **ADDITIONAL INFORMATION**

Additional information concerning Spanish Mountain Gold Ltd. is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Company's financial information is provided in its comparative financial statements and management discussion and analysis, which can also be accessed at [www.sedar.com](http://www.sedar.com) or [www.spanishmountaingold.com/s/Financials.asp](http://www.spanishmountaingold.com/s/Financials.asp) or by directly contacting the Company.

The content and sending of this Circular have been approved by the Board of Directors of the Company. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Dated this 1st day of November, 2016.

### **BY ORDER OF THE BOARD OF DIRECTORS**

*"Larry Yau"*

---

Larry Yau, Chief Executive Officer