

canstar resources inc.

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NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares of Canstar Resources Inc. (the “**Company**”) will be held at 56 Temperance Street, Suite 1000, Toronto, Ontario M3H 3V5, on December 16, 2015 at 2:00 p.m. (Eastern Standard Time) for the purpose of:

1. receiving the Company’s financial statements for the year ended June 30, 2015 and the report of the auditors thereon;
2. electing directors of the Company for the ensuing year;
3. appointing MNP LLP as the auditors of the Company for the ensuing year, and authorizing the directors to fix their remuneration;
4. considering and, if deemed advisable, passing an ordinary resolution (the “**Plan Ratification Resolution**”) ratifying the amendment of the Company’s stock option plan (the “**Stock Option Plan**”) to reduce the minimum exercise price of options granted thereunder from \$0.10 to \$0.05;
5. considering and, if deemed advisable, passing an ordinary resolution (the “**Option Grant Resolution**”) ratifying the grant of 750,000 options on December 11, 2014 pursuant to the amended Stock Option Plan; and
6. transacting such further and other business as may properly come before the Meeting or any adjournment thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the management information circular of the Company dated November 2, 2015 (the “**Circular**”). To be approved, each of the foregoing matters is required to be passed by an “**ordinary resolution**”, being a majority of the votes cast by Shareholders who voted in respect of that resolution at the Meeting, except for the Option Grant Resolution, which requires the approval of a majority of the votes cast by disinterested Shareholders, excluding the votes cast by Shareholders who were grantees of December 11, 2014 options.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is November 2, 2015 (the “**Record Date**”). Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

A Shareholder wishing to be represented by proxy at the meeting or any adjournment thereof must deposit his/her/its duly executed form of proxy with the Company’s transfer agent and registrar, TMX Equity Transfer Services (“**Equity**”), at Suite 300, 200 University Avenue, Toronto, Ontario M5H 4H1 not later than 2:00 p.m. (Toronto time) on December 14, 2015 or, if the meeting is adjourned, not later than 48 hours, excluding weekends and statutory holidays in the City of Toronto, Ontario, preceding the time of such adjourned meeting. Shareholders who are unable to attend the Meeting in person, are requested to date, complete, sign and return the form of proxy so that as large a representation as possible may be had at the Meeting.

Notice-and-Access

The Company is utilizing the notice-and-access mechanism (the “**Notice-and-Access Provisions**”) that came into effect on February 11, 2013 under National Instrument 54-101 – *Communication with Beneficial Owners of*

Securities of a Reporting Issuer and National Instrument 51-102 – *Continuous Disclosure Obligations*, for distribution of Meeting materials to registered and beneficial Shareholders.

Website Where Meeting Materials are Posted

The Notice-and-Access Provisions are a new set of rules that allow reporting issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of the Circular, financial statements of the Company for the year ended June 30, 2015 (“**Financial Statements**”) and management’s discussion and analysis of the Company’s results of operations and financial condition for 2015 (“**MD&A**”) may be found on the Company’s SEDAR profile at www.sedar.com and also on the Company’s website at www.canstarresources.com/s/investor-financial-statements-annual.asp. The Company will not use procedures known as “stratification” in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the Circular to some Shareholders with this notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of the Circular.

Obtaining Paper Copies of Materials

The Company anticipates that using notice-and-access for delivery to all Shareholders will directly benefit the Company through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials. Shareholders with questions about notice-and-access can call the Company’s transfer agent, Equity, toll-free at 1.866.393.4891 ext. 205. Shareholders may also obtain paper copies of the Circular, Financial Statements and MD&A free of charge by contacting the Company’s Corporate Secretary toll free at 1.866.936.6766. A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Company or Equity, as applicable, by December 7, 2014 in order to allow sufficient time for Shareholders to receive the paper copies and to return their proxies or voting instruction forms to intermediaries not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof (the “**Proxy Deadline**”). Any requests for paper copies received by the Company after December 7, 2014 will be delivered to Shareholders in accordance with applicable securities law.

Voting

All Shareholders are invited to attend the Meeting and may attend in person or may be represented by proxy. A “beneficial” or “non-registered” Shareholder will not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his/her/its broker; however, a beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the common shares in that capacity. Only Shareholders as of the Record Date are entitled to receive notice of and vote at the Meeting. Shareholders who are unable to attend the Meeting in person, or any adjournments or postponements thereof, are requested to complete, date and sign the form of proxy (registered holders) or voting instruction form (beneficial holders) and return it in the envelope provided.

To be effective, the form of proxy or voting instruction form must be mailed or faxed so as to reach or be deposited with Equity (in the case of registered holders) at Suite 300, 200 University Avenue, Toronto, Ontario M5H 4H1, Fax Number: 416.595.9593, prior to the Proxy Deadline, failing which such votes may not be counted, or your intermediary (in the case of beneficial holders) with sufficient time for them to file a proxy by the Proxy Deadline. **Shareholders are reminded to review the Circular before voting.**

DATED this 2nd day of November, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) “*Daniel J. Oosterman*”

Daniel J. Oosterman
President & Chief Executive Officer

canstar resources inc.

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MANAGEMENT INFORMATION CIRCULAR ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

Canstar Resources Inc. (the “**Company**”) is utilizing the notice-and-access mechanism (the “**Notice-and-Access Provisions**”) that came into effect on February 11, 2013 under 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**”) for distribution of this management information circular (the “**Circular**”) to both registered and non-registered (or beneficial) holders (“**Shareholders**”) of common shares of the Company (“**Common Shares**”). Further information on notice-and-access is contained below under the heading *General Information Respecting the Meeting – Notice-and-Access* and Shareholders are encouraged to read this information for an explanation of their rights.

GENERAL INFORMATION RESPECTING THE MEETING

This Circular is furnished in connection with the solicitation by the management of the Company of proxies to be used at the annual and special meeting (the “Meeting**”) of shareholders (the “**Shareholders**”) of the Company, to be held at the 56 Temperance Street, Suite 1000, Toronto, Ontario M3H 3V5, on Wednesday December 16, 2015 at 2:00 p.m. (Eastern Standard Time), and at any adjournment thereof, for the purposes set forth in the attached notice of meeting of the Company.**

Although it is expected that the solicitation of the proxies will be primarily by mail, proxies may also be solicited personally or by telephone or other similar means of communication by the directors and/or officers of the Company at nominal cost. The cost of solicitation will be borne by the Company. Directors, officers and employees of the Corporation will not receive any extra compensation for such activities.

In this Circular, unless otherwise indicated, all dollar amounts “\$” are expressed in Canadian dollars.

Notice and Access

As noted above, the Company is utilizing the Notice-and-Access Provisions that came into effect on February 11, 2013 under NI 54-101 and NI 51-102 for distribution of this Circular to all registered Shareholders and Beneficial Shareholders (as defined below).

The Notice-and-Access Provisions are a new set of rules that allow reporting issuers to post electronic versions of proxy-related materials (such as proxy circulars and annual financial statements) on-line, via the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and one other website, rather than mailing paper copies of such materials to Shareholders. Electronic copies of the Circular, financial statements of the Company for the year ended June 30, 2015 (“**Financial Statements**”) and management’s discussion and analysis of the Company’s results of operations and financial condition for 2015 (“**MD&A**”) may be found on the Company’s SEDAR profile at www.sedar.com and also on the Company’s website at www.canstarresources.com/s/investor-financial-statements-annual.asp. The Company will not use procedures known as “stratification” in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of this Circular to some Shareholders with the notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of this Circular. **Shareholders are reminded to review this Circular before voting.**

Although this Circular, the Financial Statements and the MD&A will be posted electronically on-line as noted above, Shareholders will receive paper copies of a “notice package” via prepaid mail containing the Notice of Meeting with information prescribed by NI 54-101 and NI 51-102, a form of proxy or voting instruction form, and supplemental mail list return card for Shareholders to request they be included in the Company’s supplementary mailing list for receipt of the Company’s interim financial statements for the 2015 fiscal year.

The Company anticipates that notice-and-access will directly benefit the Company through a substantial reduction in both postage and material costs, and also promote environmental responsibility by decreasing the large volume of paper documents generated by printing proxy-related materials.

Shareholders with questions about notice-and-access can call the Company’s transfer TMX Equity Transfer Services (“**Equity**”) toll-free at 1.866.393.4891 ext. 205. Shareholders may also obtain paper copies of the Circular, Financial Statements and MD&A free of charge by contacting the Company’s Corporate Secretary toll free at 1.866.936.6766.

A request for paper copies which are required in advance of the Meeting should be sent so that they are received by the Company or Equity, as applicable, by December 7, 2015 in order to allow sufficient time for Shareholders to receive their paper copies and to return their form of proxy to Equity (in the case of registered Shareholders), or their voting instruction form to their intermediaries (in the case of Beneficial Shareholders, as such term is defined herein) by its due date.

APPOINTMENT, VOTING AND REVOCATION OF PROXIES

Appointment

The persons named in the form of proxy represent management of the Company. **Any Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated in the form of proxy to attend, vote and act for and on behalf of such person at the Meeting. In order to do so the Shareholder may insert the name of such person in the blank space provided in the form of proxy, or may use another proper form of proxy.** All proxies must be deposited with the Company’s registrar and transfer agent, TMX Equity Transfer Services, Suite 300, 200 University Avenue, Toronto, Ontario M5H 4H1, not later than 2:00 p.m. (Eastern Standard Time) on December 14, 2015, or if the Meeting is adjourned, not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned Meeting. The Company may refuse to recognize any proxy received after such time. A proxy should be executed by the Shareholder or his or her attorney duly authorized in writing, or if the Shareholder is a corporation, by a duly authorized officer or attorney thereof.

Voting

Common Shares represented by any properly executed proxy in the form will be voted for or against, or withheld from voting, as the case may be, on any ballot that may be called for in accordance with the instructions given by the Shareholder. **In the absence of such instructions, the proxy will confer discretionary authority and will be voted FOR all matters set out herein.**

The form of proxy confers discretionary authority on the persons named in it with respect to amendments or variations to matters identified in the notice of meeting or other matters that may properly come before the Meeting. As of the date hereof, management of the Company is not aware of any such amendments, variations or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of management of the Company.

Revocation

In addition to revocation by any other manner permitted by law, a Shareholder may revoke a proxy before it is exercised by written instrument executed by the Shareholder (or by the Shareholder’s attorney authorized in writing) and deposited at the registered offices of the Company at any time up to and including the last business day

preceding the day of the Meeting or any adjournment thereof, or deposited with the Chairman of the Meeting prior to the commencement of the Meeting on the day thereof or any adjournment thereof.

A Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

ADVICE TO HOLDERS OF COMMON SHARES

Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (“**Beneficial Shareholders**”), should note that only proxies deposited by Shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will in all likelihood not be registered in the Shareholder’s name and will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name of CDS Clearing and Depository Services Inc. which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The voting form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered Shareholders by the Company. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders, and asks them to return the forms to Broadridge or to otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions regarding the voting of Common Shares held through a broker or other intermediary, please contact that broker or intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

Beneficial Shareholders fall into two categories: those who object to their identity being made known to the issuers of securities which they own (“**Objecting Beneficial Owners**” or “**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**” or “**NOBOs**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from intermediaries. Pursuant to NI 54-101, issuers may obtain and use the NOBO list in connection with any matter relating to the affairs of the issuer, including the distribution of proxy-related materials directly to NOBOs. The Company is not sending Meeting materials directly to the NOBOs. The Company will use and pay intermediaries and agents to send the Meeting materials and also intends to pay for intermediaries to deliver the Meeting materials to the OBOs. **As more particularly outlined above under the heading “Notice-and-Access”, Meeting materials will be sent to Beneficial Shareholders using the Notice-and-Access Provisions.**

All references to Shareholders in this Circular and the form of proxy and notice of meeting are to registered Shareholders unless specifically stated otherwise.

Registered Shareholders

Registered holders of Common Shares shown on the Shareholders’ list prepared as of the Record Date (defined below) will be entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held.

Registered Shareholders may also, rather than returning by mail or hand delivery the form of proxy received from the Company, elect to submit a form of proxy by use of telephone or the Internet. Those registered holders electing to vote by telephone require a touch-tone telephone to transmit their voting preferences. Registered holders electing to vote by telephone or via the Internet must follow the instructions included in the form of proxy received from the Company.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

At the date hereof, the Company has 82,856,381 Common Shares issued and outstanding, each of which carries one vote. To the knowledge of the directors and officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, securities carrying in excess of 10% of the voting rights attached to any class of outstanding voting securities of the Company.

Persons registered on the books of the Company at the close of business on November 2, 2015 (the “**Record Date**”) are entitled to vote at the Meeting.

MATTERS TO BE ACTED UPON AT THE MEETING

1. Receipt of Financial Statements

The audited financial statements of the Company for the fiscal year ended June 30, 2015 and the report of the auditors thereon, both of which accompany this Circular, will be submitted to the Meeting. Receipt at the Meeting of the auditor’s report and the Company’s audited financial statements for the fiscal year ended June 30, 2014 will not constitute approval or disapproval of any matters referred to therein.

2. Election of Directors

At the Meeting, the following six (6) persons named hereunder will be proposed for election as directors of the Company. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the close of the next annual meeting of Shareholders, or until his successor is duly elected unless prior thereto he resigns or his office becomes vacant by reason of death or other cause.

Shareholders have the option to (i) vote for all of the directors of the Company listed in the table below; (ii) vote for some of the directors and withhold for others; or (iii) withhold for all of the directors. **Unless the Shareholder has specifically instructed in the enclosed form of proxy that the Common Shares represented by such proxy are to be withheld or voted otherwise, the persons named in the accompanying proxy will vote FOR the election of each of the proposed nominees set forth below as directors of the Company.**

The following table, among other things, sets forth the name of all persons proposed to be nominated for election as directors, their place of residence, position held, and periods of service with, the Company, or any of its affiliates, their principal occupations and the approximate number of Common Shares beneficially owned, controlled or directed, directly or indirectly, by them:

Name, Province or State, and Country of Residence	Principal Occupation	Director Since	Position with the Company	Number of Common Shares Beneficially Owned ⁽¹⁾
Dennis H. Peterson <i>Ontario, Canada</i>	Principal at Peterson & Company LLP	2013	Chairman and Director	816,668
David Palmer <i>Ontario, Canada</i>	President & Chief Executive officer of Probe Metals Inc.; Geologist, P. Geo.	2006	Director	294,000
John E. Hurley ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ <i>Ontario, Canada</i>	Chartered Professional Accountant	2001	Director and Chief Financial Officer	722,625
Patrick Reid ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ <i>Ontario, Canada</i>	Consultant	2001	Director	1,099,556
William Deluce ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ <i>Ontario, Canada</i>	President of Wicklow Consulting Inc.	2003	Director	183,333
Danniel J. Oosterman <i>British Columbia, Canada</i>	President and Chief Executive Officer of the Company	2014	President and Chief Executive Officer, and Director	50,000

Notes:

- (1) *The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.*
- (2) *Member of the Audit Committee.*
- (3) *Member of the Nominating and Corporate Governance Committee.*
- (4) *Member of the Compensation Committee.*
- (5) *Member of the Health, Safety, Environment and Community Committee.*

As at the date of this Circular, the directors of the Company as a group directly and indirectly beneficially own or exercise control or direction over 3,166,182 Common Shares, representing approximately 3.8% of the issued and outstanding Common Shares of the Company.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No individual set forth in the above table is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while such individual was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after such individual ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such proposed director was acting in the capacity as director, chief executive officer or chief financial officer.

No individual set forth in the above table (or any personal holding company of any such individual) is, as of the date of this Circular, or has been within ten (10) years before the date of this Circular, a director or executive officer of any company (including the Company) that, while such individual 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.

No individual as set forth in the above table (or any personal holding company of any such individual) has, within the ten (10) years before the date of this 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 such individual.

No individual set forth in the above table (or any personal holding company of any such individual) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

3. Appointment of Auditors

Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution to re-appoint MNP LLP, Chartered Accountants, to serve as auditors of the Company until the next annual meeting of Shareholders and to authorize the directors of the Company to fix their remuneration as such.

Unless a Shareholder directs that his or her Common Shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the form of proxy intend to vote FOR the re-appointment of MNP LLP, Chartered Accountants as the auditors of the Company until the next annual meeting of Shareholders, and to authorize the directors to fix their remuneration.

4. Approval of Amendment to Stock Option Plan

On August 14, 2013, the TSX Venture Exchange (the “**TSX-V**”) announced a reduction in the minimum exercise price permitted under its policies for incentive stock options granted by TSX-V listed companies from \$0.10 per share to \$0.05 per share. At that time Stock Option Plan (has defined herein) provided that the minimum price at which an optionee may purchase a Common Share upon the exercise of an option granted pursuant to the Stock Option Plan may not be less than the market price of the Common Shares as of the date of the grant less any discounts from the market price allowed by the TSX-V, subject to a minimum exercise price of \$0.10. The market price of the Common Shares means the closing price on the last trading day immediately preceding the Grant Date or as otherwise determined in accordance with the terms of the Stock Option Plan.

On December 11, 2014, the board of directors of the Company (the “**Board**”) amended the Stock Option Plan to reduce the minimum exercise price at which an optionee may purchase Common Shares upon exercise of options from \$0.10 to \$0.05, subject to Shareholder ratification. In the 30 days preceding the amendment, the Common Shares were trading in the range of \$0.035 to \$0.045 per Common Share, effectively eliminating the value of using stock options as incentives. This amendment was made to align the Stock Option Plan with the new minimum pricing requirements and to provide greater flexibility to the Company in attracting and retaining service providers. If the amendment is not ratified by Shareholders, it will be void and of no further effect, and the minimum exercise price of options granted under the Stock Option Plan will remain unchanged at \$0.10.

Accordingly, at the Meeting shareholders will be asked to consider, and if thought fit, approve an ordinary resolution to ratify the Stock Option Plan, as amended (the “**Plan Ratification Resolution**”). The terms of the

amended Stock Option Plan remain the same as approved at the annual and special meeting of Shareholders held on December 21, 2012, other than the amendment to reduce the minimum exercise price.

The full text of the Plan Ratification Resolution is set out below:

“BE IT RESOLVED THAT:

1. The amendment of the stock option plan (the “**Stock Option Plan**”) of the Corporation approved by shareholders on November 14, 2005, as amended on December 15, 2005, and as further amended on December 21, 2012, to reduce the minimum exercise price of options granted thereunder from \$0.10 to \$0.05, as described in the management information circular of the Corporation dated November 2, 2015, is approved, confirmed, and ratified; and
2. Any one director or officer of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as such director or officer may deem necessary or desirable in connection with the foregoing resolutions.”

In order to be passed, the Plan Ratification Resolution requires the approval of a majority of the votes cast thereon by Shareholders present in person or represented by proxy at the Meeting.

The directors of the Company believe that the Plan Ratification Resolution is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of the Plan Ratification Resolution. **Unless a Shareholder directs that his or her Common Shares are to be voted against the Plan Ratification Resolution, the persons named in the enclosed form of proxy intend to vote FOR the Plan Ratification Resolution.**

5. Approval of Stock Option Grant

In accordance with the policies of the TSX-V, Shareholders are required to ratify all of the options grants made by the Company under the Stock Option Plan after its amendment, but before Shareholder ratification of such amendment. On December 11, 2014, the Company granted an aggregate total of 2,750,000 options to certain directors, officers, and consultants of the Corporation, as summarized in the following table:

Recipient	Position	Number of Shares	Exercise Price	Expiry
Patrick Reid	Director	300,000	\$0.05	Dec. 11, 2019
John E. Hurley	Officer & Director	400,000	\$0.05	Dec. 11, 2019
William Deluce	Director	300,000	\$0.05	Dec. 11, 2019
Dennis H. Peterson	Director	300,000	\$0.05	Dec. 11, 2019
David Palmer	Director	300,000	\$0.05	Dec. 11, 2019
Karen Willoughby	IR Consultant	300,000	\$0.05	Dec. 11, 2019
Carmelo Marrelli	Consultant	50,000	\$0.05	Dec. 11, 2019
Shaun Drake	Consultant	50,000	\$0.05	Dec. 11, 2019
Daniel J. Oosterman	Officer & Director	750,000	\$0.05	Dec. 11, 2019
Total		2,750,000		

At the Meeting, Shareholders will be asked to pass the following resolution (the “**Option Grant Resolution**”) with or without variation, relating to the approval of options granted subsequent to December 11, 2014:

“BE IT RESOLVED THAT:

1. All options granted by the Company under the Stock Option Plan subsequent to December 11, 2014, as more particularly described in the Company’s management information circular dated November 2, 2015, are hereby ratified and confirmed; and

2. Any one director or officer of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as such director or officer may deem necessary or desirable in connection with the foregoing resolutions.”

In order to be passed, the Option Grant Resolution requires the approval of a majority of the votes cast thereon by disinterested Shareholders present in person or represented by proxy at the Meeting, excluding for the purposes the votes cast by Shareholders who were grantees of December 11, 2014 options.

The directors of the Company believe that the Option Grant Resolution is in the best interests of the Company, and unanimously recommend that Shareholders vote in favour of the Plan Ratification Resolution. **Unless a Shareholder directs that his or her Common Shares are to be voted against the Option Grant Resolution, the persons named in the enclosed form of proxy intend to vote FOR the Option Grant Resolution.**

6. Other Matters That May Come Before the Meeting

Management of the Company knows of no matters to come before the Meeting other than as set forth above. However, if other matters which are not known to management should properly come before the Meeting, the form of proxy will be voted on such matters in accordance with the best judgment of the person(s) voting the proxy.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Company’s executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Company’s Chief Executive Officer, Chief Financial Officer, and, if applicable, its three most highly compensated individuals acting as, or in a like capacity as, executive officers of the Company whose total compensation for the most recently completed financial year was individually equal to more than \$150,000 (the “NEOs” or “**Named Executive Officers**”), during the Company’s most recently complete financial year, being the financial year ended June 30, 2014. The only NEOs during the last financial year were Danniell J. Oosterman, President and Chief Executive Officer, and John E. Hurley, Chief Financial Officer.

Compensation Committee

The Compensation Committee of the Board is responsible for ensuring that the Company has in place an appropriate plan for executive compensation, and for making recommendations to the Board with respect to the compensation of the Company’s executive officers. The Compensation Committee ensures that the total compensation paid to the Company’s NEOs is fair, reasonable, and consistent with the Company’s compensation philosophy. For more information on the Compensation Committee, see “*Corporate Governance Practices – Compensation Committee*”.

Compensation plays an important role in achieving short and long term business objectives that ultimately drive business success. The Company’s compensation philosophy is to foster entrepreneurship at all levels of the organization through, among other things, the granting of stock options as a significant component of executive compensation. This approach is based on the assumption that the performance of the Common Share price over the long term is an important indicator of long term performance.

The Company’s compensation philosophy is based on the following fundamental principles:

1. *Compensation programs align with Shareholder interests* – the Company aligns the goals of executive officers with maximizing long term Shareholder value;
2. *Performance-sensitive* – compensation for executive officers should be linked to the operating and market performance of the Company and should fluctuate with performance; and

3. *Offer market-competitive compensation to attract and retain talent* – the compensation program should provide market-competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives, and to attract new individuals of the highest calibre.

The objectives of the compensation program in compensating NEOs were developed based on the above-mentioned compensation philosophy and are as follows:

- to attract and retain highly qualified executive officers;
- to align the interests of executive officers with Shareholders' interests and with the execution of the Company's business strategy;
- to evaluate performance on the basis of key measurements that correlate to long term Shareholder value; and
- to tie compensation directly to those measurements and rewards based on achieving and exceeding predetermined objectives.

Competitive Compensation

Aggregate compensation for NEOs is designed to be competitive. The Compensation Committee reviews compensation practices of similarly situated companies in determining compensation policy. Although the Compensation Committee reviews each element of compensation for market competitiveness, and it may weigh a particular element more heavily based on a NEO's role within the Company, it is primarily focused on remaining competitive in the market with respect to total compensation.

Prior to making its decisions, the Compensation Committee reviews data related to compensation levels and programs of various companies that are similar in size to the Company and that operate within the mining exploration and development industry. These companies are used as the Company's primary peer group because they have similar business characteristics or because they compete with the Company for employees and investors. The Compensation Committee also relies on the experience of its members as officers and/or directors of other companies in similar lines of business as the Company when assessing compensation levels. These other companies are identified under the heading "*Corporate Governance Practices – Directorships*".

The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar revenues and business characteristics;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish a basis for developing salary adjustments and short term and long term incentive awards for the Compensation Committee's approval.

Aligning the Interests of NEOs with the Interests of the Company's Shareholders

The Company believes that transparent, objective and easily verified corporate goals, combined with individual performance goals, play an important role in creating and maintaining an effective compensation strategy for NEOs. The Company's objective is to establish benchmarks and targets for NEOs which, if achieved, will enhance Shareholder value.

A combination of fixed and variable compensation is used to motivate executive officers to achieve overall corporate goals. For the 2015 financial year, the three basic components of executive compensation were:

- fixed (base) salary;
- annual incentives (cash bonus); and
- option-based compensation.

Fixed salary comprises a portion of the total cash-based compensation; however, annual incentives and option-based compensation represent compensation that is “at risk” and thus may or may not be paid to the respective executive officer depending on: (i) whether the executive officer is able to meet or exceed his or her applicable performance targets; and (ii) the market performance of the Common Shares. To date, no specific formulae have been developed to assign a specific weighting to each of these components. Instead, the Board considers each performance target and the Company’s performance and assigns compensation based on this assessment and the recommendations of the Compensation Committee.

The Compensation Committee is responsible for considering, establishing and reviewing executive compensation programs, and whether the programs encourage unnecessary or excessive risk taking. The Company believes the programs are balanced and do not motivate unnecessary or excessive risk taking. The Company does not currently have a policy that restricts directors or NEOs from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity. However, to the knowledge of the Company as of the date of hereof, no director or NEO of the Company has participated in the purchase of such financial instruments.

Base Salary

The Compensation Committee and the Board approve salary ranges for the NEOs. The base salary review for NEOs is based on an assessment of factors such as current competitive market conditions, compensation levels within the peer group, and particular skills such as leadership ability and management effectiveness, experience, responsibility, and proven or expected performance. Comparative data for the Company’s peer group is also accumulated from a number of external sources including independent consultants. The Company’s policy for determining salary for executive officers is consistent with the administration of salaries for all other employees. The Company does not currently pay either of the NEOs a base salary.

Annual Incentives

The Company is not currently awarding any annual incentives by way of cash bonuses. However, the Company, in its discretion, may award such incentives in order to motivate executive officers to achieve short term corporate goals. The Compensation Committee and the Board approve any annual incentives.

The success of a NEO in achieving his individual objectives and his contribution to the Company in reaching its overall goals are factors in the determination of that NEO’s annual bonus. The Compensation Committee assesses a NEO’s performance on the basis of his contribution to the achievement of predetermined corporate objectives, as well as to needs of the Company that arise on a day-to-day basis. This assessment is used by the Compensation Committee in developing its recommendations to the Board with respect to the determination of annual bonuses for the NEOs. Where the Compensation Committee cannot unanimously agree, the matter is referred to the full Board for decision. The Board relies heavily on the recommendations of the Compensation Committee in granting annual incentives.

The Board approves targeted amounts of annual incentives for NEOs at the beginning of each financial year. The targeted amounts are determined by the Compensation Committee based on a number of factors, including comparable compensation at similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities, will trigger the award of a bonus payment to the NEOs. NEOs will receive a partial or full incentive payment depending on the number of predetermined targets met and the Compensation Committee’s and Board’s assessment of overall performance. The determination as to whether a target has been met

is ultimately made by the Board and it reserves the right to make positive or negative adjustments to any bonus payment if considered appropriate.

Option-Based Compensation

The Company currently has no long term incentive plans other than stock options granted from time to time by the Board under the provisions of the Company's incentive stock option plan (the "**Stock Option Plan**"). The Shareholders first approved the Stock Option Plan at the annual and special meeting of Shareholders held on November 14, 2005, and the Stock Option Plan was amended on December 15, 2005 and December 21, 2012. The purpose of the Stock Option Plan is to encourage Common Share ownership by directors, officers, employees and consultants of the Company and its affiliates, and by other designated persons. The Compensation Committee believes that the Stock Option Plan aligns the interests of NEOs with those of Shareholders by linking a component of executive compensation to the longer term performance of the Common Shares. Eligibility for participation in the Stock Option Plan is restricted to directors, officers, employees and consultants of the Company and its affiliates, and to other designated persons. The maximum number of Common Shares available for grant under the Stock Option Plan (and under all other management option and employee share purchase plans) is currently 15,000,000, with 5% of the number of issued and outstanding Common Shares on the grant date being the maximum grant with respect to any one optionee. The term of any options granted under the Stock Option Plan will be fixed by the Board at the time such options are granted, provided that options will not be permitted to exceed a term of five years. The exercise price of any option granted under the Stock Option Plan may not be less than fair market value (e.g. the prevailing market price) of the Common Shares at the time the option is granted, less any permitted discount. No vesting requirements will apply to options granted under the Stock Option Plan, though a four-month hold period commencing from the date of grant will apply to all Common Shares issued upon each exercise. All options are non-transferable. The options are subject to early termination upon the termination of the optionee's employment, the optionee ceasing to be a director and/or officer of the Company, or the retirement, permanent disability or death of the optionee. The Stock Option Plan does not contain any provision for financial assistance by the Company in respect of options granted under the Stock Option Plan. Previous grants of options are not taken into account when considering new grants.

Compensation Risk Considerations

The Compensation Committee is responsible for considering, establishing and reviewing executive compensation programs, and whether the programs encourage unnecessary or excessive risk taking. The Company believes the programs are balanced and do not motivate unnecessary or excessive risk taking. The Company does not currently have a policy that restricts directors or NEOs from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity. However, to the knowledge of the Company, as of the date of hereof, no NEO or director of the Company has participated in the purchase of such financial instruments.

Base salaries, if any, are fixed in amount thus do not encourage risk taking. While annual incentive awards focus on the achievement of short term or annual goals and short term goals may encourage the taking of short-term risks at the expense of long term results, the Company's annual incentive award program does not represent a significant percentage of employee's potential compensation opportunities. Annual incentive awards are based on various personal and company-wide achievements. Such performance goals are subjective and include achieving individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities which would trigger the award of a bonus payment to the NEO. The determination as to whether a target has been met is ultimately made by the Board (after receiving recommendations of the Compensation Committee) and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate. Funding of the annual incentive awards is capped at the company level and the distribution of funds to the executive officers is at the discretion of the Compensation Committee.

Stock option awards are important to further align employees' interests with those of the Shareholders. The ultimate value of the awards is tied to the Company's stock price and since awards are staggered and subject to long-term vesting schedules, they help ensure that NEOs have significant value tied in long-term stock price performance.

Compensation Summary

Summary Compensation Table for NEOs

The following table sets forth information concerning the compensation paid, awarded or earned by the Company's NEOs for services rendered in all capacities to the Company during the three most recently completed financial years:

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Danniel J. Oosterman President & Chief Executive Officer	2015	100,000	Nil	18,750 ⁽²⁾	Nil	Nil	Nil	Nil	118,750
	2014	100,000	Nil	Nil	Nil	Nil	Nil	Nil	100,000
	2013	16,667 ⁽³⁾	Nil	39,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	55,667
John E. Hurley Chief Financial Officer	2015	Nil	Nil	10,000 ⁽²⁾	Nil	Nil	Nil	Nil	10,000
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Grant date fair value calculations are based on the Black-Scholes Option Pricing Model. Option-pricing models require the use of highly subjective estimates and assumptions including expected share price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's option-based awards.
- (2) The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: 5 year expected term; 103% expected volatility; risk-free interest rate of 0.81% per annum; and an expected dividend yield of 0%.
- (3) On April 30, 2013, Mr. Oosterman entered into an employment agreement with the Company with an annual base salary of \$100,000. \$16,667 represents Mr. Oosterman's base salary on a pro-rata basis for two (2) months.
- (4) The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: 5 year expected term; 155% expected volatility; risk-free interest rate of 1.15% per annum; and an expected dividend yield of 0%.
- (5) The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: 5 year expected term; 150% expected volatility; risk-free interest rate of 1.25% per annum; and an expected dividend yield of 0%.

Incentive Plan Awards

Outstanding Option-Based Awards

The following table provides information regarding the incentive plan awards for each NEO outstanding as of June 30, 2015:

Name and Principal Position	Option-based awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options ⁽¹⁾ (\$)
Danniel J. Oosterman President & CEO	500,000	0.10	May 1, 2018	Nil
	750,000	0.05	December 11, 2019	Nil
John E. Hurley Chief Financial Officer	500,000	0.18	April 24, 2017	Nil
	400,000	0.05	December 11, 2019	Nil

Note:

- (1) Aggregate dollar amount of in-the-money unexercised options held as at June 30, 2015. This figure is computed based on the difference between the market value of the Common Shares on the TSX-V as at June 30, 2015 and the exercise price of the option. The closing price of the Common Shares on the TSX-V on June 30, 2015 was \$0.035.

Value Vested or Earned During the Year

The following table provides information regarding the value vested or earned on incentive plan awards for each NEO during the year ended June 30, 2015:

Name and Principal Position	Option-based awards - Value vested during the year⁽¹⁾ (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Danniel J. Oosterman <i>President & Chief Executive Officer</i>	Nil	N/A	Nil
John E. Hurley <i>Chief Financial Officer</i>	Nil	N/A	Nil

Note:

(1) Calculated based on the closing price of the Common Shares on the TSX-V at the vesting date less the exercise price of the vested options multiplied by the number of vested options.

Employment Agreements and Termination and Change of Control Benefits

Other than as described below, there are no agreements, compensation plans, contracts or arrangements whereby a NEO is entitled to receive payments from the Company in the event of the resignation, retirement or other termination of the NEO’s employment with the Company, change of control of the Company or a change in the NEO’s responsibilities following a change in control.

Danniel J. Oosterman

Pursuant to the employment agreement between the Company and Danniel J. Oosterman dated April 30, 2013, in the event that Mr. Oosterman’s employment is terminated by the Company other than for cause, the Company shall pay Mr. Oosterman a lump sum payment of six (6) months’ salary (with term the ‘salary’ meaning the per annum salary in effect at the time of such termination), accrued vacation, and any bonus earned in the year of or year prior to the year in which Mr. Oosterman’s employment is terminated. In the event of a Change of Control (as defined below), Mr. Oosterman shall be entitled to elect to terminate his employment with the Company and to receive payments and benefits in accordance with the description outlined above. All termination rights of Mr. Oosterman provided for in his employment agreement are conditional upon Mr. Oosterman electing to exercise such rights by notice given to the Company within 120 days of the Change of Control. If the Mr. Oosterman is terminated without cause within 12 months of a Change of Control, all unexercised stock options and restricted share rights granted to him shall immediately vest upon termination without cause and be exercisable for a period of 90 days from the end of the severance period.

A “**Change of Control**” is defined in Mr. Oosterman’s employment agreement with the Company as any of the following events: (a) the Company shall not be the surviving entity in a merger, amalgamation or other reorganization (or survives only as a subsidiary of an entity other than a previously wholly-owned subsidiary of the Company); (b) the Company sells all or substantially all of its assets to any other person or entity (other than a wholly-owned subsidiary of the Company); (c) the Company is to be dissolved and liquidated; (d) any person, entity or group of persons or entities acting jointly or in concert acquires or gains ownership or control (including, without limitation, the power to vote) more than 30% of the Company outstanding voting securities; or (e) as a result of or in connection with: (i) the contested election of directors, or; (ii) a transaction referred to above, the persons who were directors of the Company before such election shall cease to constitute a majority of the Board.

Pension Plan Benefits

There are no pension plan benefits, pension plans or retirement plans in place for the NEOs.

Director Compensation

Director Compensation Table

At present the Company does not pay its directors any fees for their services in such capacities. The following table describes the compensation of independent directors for the year ended June 30, 2015:

Name ⁽¹⁾	Fees earned (\$)	Option-based awards (\$)	All other compensation (\$)	Total compensation ⁽²⁾ (\$)
Patrick Reid	Nil	7,500 ⁽³⁾	Nil	7,500
William Deluce	Nil	7,500 ⁽³⁾	Nil	7,500
David Palmer	Nil	7,500 ⁽³⁾	Nil	7,500
Dennis H. Peterson	Nil	7,500 ⁽³⁾	\$1,440 ⁽⁴⁾	8,940

Notes:

- (1) Mr. Hurley was a director and NEO during the year ended June 30, 2015. Any compensation received by him in his capacity as a director of the Company is reflected in the Summary Compensation Table for the NEOs elsewhere in this Circular.
- (2) Directors are reimbursed for all reasonable expenses incurred in the performance of their duties as directors of the Company. The table does not include any amounts paid as reimbursement for expenses.
- (3) The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: 5 year expected term; 103% expected volatility; risk-free interest rate of 0.81% per annum; and an expected dividend yield of 0%.
- (4) Fees paid to Peterson & Company LLP for legal services rendered to the Company. Mr. Peterson is the principal of Peterson & Company LLP.

Option-Based Awards to Directors

The following table provides information regarding the incentive plan awards for each director outstanding as of June 30, 2015:

Name ⁽¹⁾	Option-based awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date (\$)	Value of unexercised in-the-money options ⁽²⁾
Patrick Reid	350,000	0.18	April 24, 2017	Nil
	300,000	0.05	December 11, 2019	Nil
William Deluce	150,000	0.18	April 24, 2017	Nil
	300,000	0.05	December 11, 2019	Nil
David Palmer	300,000	0.18	April 24, 2017	Nil
	300,000	0.05	December 11, 2019	Nil
Dennis H. Peterson	300,000	0.18	April 24, 2017	Nil
	300,000	0.05	December 11, 2019	Nil

Notes:

- (1) Mr. Hurley was a director and NEO during the year ended June 30, 2015. Any compensation received by him in his capacity as a director of the Company is reflected in the Summary Compensation Table for the NEOs elsewhere in this Circular.
- (2) Aggregate dollar amount of in-the-money unexercised options held as at June 30, 2015. This figure is computed based on the difference between the market value of the Common Shares on the TSX-V as at June 30, 2015 and the exercise price of the option. The closing price of the Common Shares on the TSX-V on June 30, 2015 was \$0.035.

Value Vested or Earned During the Year

Options granted to the directors of the Company vest at the time of grant. Because the exercise price of options at the time of grant is set at or above the market price of the Common Shares on the grant date, the value of these incentive stock option grants at the time of vesting is \$nil.

The following table provides information regarding the value vested or earned on incentive plan awards for each director during the year ended June 30, 2015:

Name ⁽¹⁾	Option-based awards - Value vested during the year ⁽²⁾ (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Patrick Reid	Nil	Nil	Nil
William Deluce	Nil	Nil	Nil
David Palmer	Nil	Nil	Nil
Dennis H. Peterson	Nil	Nil	Nil

Notes:

- (1) Mr. Hurley was a director and NEO during the year ended June 30, 2015. Any compensation received by him in his capacity as a director of the Company is reflected in the Summary Compensation Table for the NEOs elsewhere in this Circular.
- (2) Calculated based on the closing price of the Common Shares on the TSX-V at the vesting date less the exercise price of the vested options multiplied by the number of vested options.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information in respect of the Company's equity compensation plans under which equity securities of the Company are authorized for issuance, aggregated by all equity plans previously approved by the Shareholders and all equity plans not approved by the Shareholders as at June 30, 2015:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (#)
Equity compensation plans approved by securityholders	N/A	N/A	N/A
Equity compensation plans not approved by securityholders ⁽¹⁾	6,075,000	0.17	12,873,334 ⁽²⁾
Total	6,075,000	0.17	12,873,334

Note:

- (1) The Stock Option Plan is a fixed stock option plan whereby the maximum number of Common Shares that may be reserved for issuance pursuant to the Stock Option Plan will not exceed 15,000,000. During the year-ended June 30, 2015, 750,000 options were granted and 901,666 options expired under the Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No executive officer, director or employee of the Company, past or present, nor any proposed nominee for election as a director of the Company, nor any associate of any of the foregoing, was at any time during the fiscal year ended June 30, 2015 or from July 1, 2015 to the date hereof, indebted to the Company or any of its subsidiaries in connection with the purchase of securities or otherwise, nor was any such individual indebted to another entity with such debt being the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE PRACTICES

The Board and senior management of the Company consider good corporate governance to be central to the effective and efficient operation of the Company. The Board has confirmed the strategic objective of the Company as seeking out and exploring mineral bearing deposits with the intention of developing and mining the deposit or proving the feasibility of mining deposits for others.

The description of the Corporation's current corporate governance practices is provided in accordance with Form 58-101F2 of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"). Such practices were established in light of the guidelines set out in National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201"), as adapted by the Company given its current stage of development.

Board of Directors

NI 58-101 defines an “independent director” as a director who has no direct or indirect “material relationship” with the issuer. A “material relationship” is as a relationship which, in the view of the Board, could reasonably be expected to interfere with the exercise of a member’s independent judgment.

The Board is comprised of six members, each of whom has been nominated for re-election at the Meeting. Of the nominees, Daniel J. Oosterman, John E. Hurley, and Dennis H. Peterson are not considered independent within the meaning of NI 58-101. Mr. Oosterman and Mr. Hurley are both officers of the Company, and Mr. Peterson is the principal of Peterson & Company LLP, which provides legal services to the Company. Each thereby as a material relationship with the Company. The remaining three proposed directors are independent within the meaning of NI 58-101.

Directorships

The following table sets forth the directors of the Company who currently hold directorships with other reporting issuers as at the date hereof:

Name of Director	Reporting Issuer
William Deluce	Damara Gold Corp. (TSX-V) Beaufield Resources Inc. (TSX-V)
David Palmer	Probe Metals Inc. (TSX-V)
Dennis H. Peterson	Zazu Metals Corporation (TSX) Probe Metals Inc. (TSX-V) Firestone Ventures Inc. (TSX-V) Quinsam Opportunities I Inc. (TSX-V) GoldMoney Inc. (TSX-V)

Orientation and Continuing Education

The Board, together with the Nominating and Corporate Governance Committee (the “**Nominating Committee**”), is responsible for providing a comprehensive orientation and education program for new directors which fully sets out:

- the role of the Board and its committees;
- the nature and operation of the business of the Company; and
- the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

In addition the Board, together with the Nominating Committee, is also responsible for providing continuing education opportunities to existing directors so that they can maintain and enhance their abilities and ensure that their knowledge of the business of the Company remains current.

Ethical Business Conduct

The Board has adopted a written code of business conduct and ethics (the “**Code of Conduct**”) to encourage and promote a culture of ethical business conduct amongst the directors, officers and employees of the Company. The Board is responsible for ensuring compliance with the Code of Conduct, copies of which are available upon written request from the Chief Executive Officer of the Company. The Code of Conduct was adopted in November 2012 and there have been no departures from the Code of Conduct since its adoption.

In addition to those matters which, by law, must be approved by the Board, its approval is required for:

- the Company's annual business plan and budget;
- material transactions not in the ordinary course of business; and
- transactions which are outside of the Company's existing business.

To ensure the directors exercise independent judgment in considering transactions and agreements in which a director or officer has a material interest, all such matters are considered and approved by the independent directors. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

The Company believes that it has adopted corporate governance procedures and policies which encourage ethical behavior by its directors, officers and employees.

Nomination of Directors

The Nominating Committee is responsible for the appointment and assessment of directors. The Nominating Committee seeks to achieve a balance of knowledge, experience and capability among the members of the Board. When considering candidates for director, the Nominating Committee takes into account a number of factors, including the following (although candidates need not possess all of the following characteristics and not all factors are weighted equally):

- personal qualities and characteristics, accomplishments, and reputation in the business community;
- current knowledge and contacts in the countries and/or communities in which the Company does business and in the Company's industry sectors or other industries relevant to its business; and
- ability and willingness to commit adequate time to the Board and committee matters, and to be responsive to the needs of the Company.

The Board will periodically assess the appropriate number of directors and whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated or otherwise arise, or the size of the Board is expanded, the Nominating Committee will consider various potential candidates for director. Candidates may come to the attention of the Nominating Committee through current directors or management, Shareholders or other persons. These candidates will be evaluated at a meeting of the Nominating Committee and may be considered at any point during the year.

Compensation Committee

The Compensation Committee is composed of John E. Hurley (Chair), William Deluce and Patrick Reid. William Deluce and Patrick Reid are considered independent according to NI 52-110; John E. Hurley is an officer of the Company and is not considered independent. All three members of the Compensation Committee have direct experience with respect to executive compensation issues by virtue of their positions as officers and/or directors of various other businesses and publicly-traded companies, and as such they possess skills and experience that enable the Compensation Committee to make decisions on the suitability of the Company's compensation policies and practices.

The Compensation Committee assists the Board in its oversight role with respect to (i) the Company's human resource strategy, policies and programs, and (ii) all matters relating to the proper utilization of human resources within the Company, with a special focus on management succession, development and compensation.

The Compensation Committee:

- reviews and makes recommendations to the Board at least annually regarding the Company's remuneration and compensation policies, including short and long term incentive compensation

plans and equity-based plans, bonus plans, pension plans (if any), executive stock option plans (including the Stock Option Plan), and grants and benefit plans;

- has sole authority to retain and terminate any compensation consultant to assist in the evaluation of director compensation, including sole authority to approve fees and other terms of the retention;
- reviews and approves at least annually all compensation arrangements with the senior executives of the Company;
- reviews and approves at least annually all compensation arrangements with the directors of the Company; and
- reviews the executive compensation sections disclosed in the annual management proxy circular distributed to Shareholders in respect of the Company's annual meetings of Shareholders.

Other Board Committees

In addition to the Audit Committee, the Company has established the Nominating Committee, the Compensation Committee, and the Health, Safety, Environment and Community Committee. The main function of the Health, Safety, Environment and Community Committee is to review and make recommendations, as appropriate, in regards to the Company's safety and health programs and performance, environmental management programs and compliance, and social initiatives in communities where the Company conducts its business.

Assessments

The Board does not consider formal assessments useful given the stage of the Company's business and operations. However, the chairman of the Board meets annually with each director individually, which facilitates a discussion of his contribution and that of other directors. When needed, time is set aside at a meeting of the Board for a discussion regarding the effectiveness of the Board and its committees. If appropriate, the Board then considers procedural or substantive changes to increase the effectiveness of the Board and its committees. On an informal basis, the chairman is also responsible for reporting to the entire Board on areas where improvements can be made. Any agreed upon improvements required to be made are implemented and overseen by the Nominating Committee. A more formal assessment process will be instituted as, if, and when the Board considers it to be necessary.

AUDIT COMMITTEE

Audit Committee Charter

The directors of the Company have adopted a Charter for the Audit Committee, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The full text of the Audit Committee Charter is attached hereto as Appendix "A".

Composition of the Audit Committee

The members of the Audit Committee are John E. Hurley (Chair), William Deluce and Patrick Reid. Messrs. Deluce and Reid are independent (as defined in NI 52-110). Mr. Hurley is not independent as he is an officer of the Company. All members of the Audit Committee are financially literate, meaning that each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

The relevant education and/or experience of each member of the Audit Committee is as follows:

Name of Member	Education	Experience
John E. Hurley	CA, Ontario Institute of Chartered Accountants CPA, University of Illinois	Former managing partner of an accounting firm providing accounting, audit and tax services to reporting issuers.
William Deluce	B.Sc. Chemical Engineering, University of Toronto	President and Chief Executive Officer of Wicklow Consulting Inc. since 2001. Mr. Deluce has been involved as Founder and/or Chief Executive officer in a number of private and public companies in the Airline, Trucking, Mining and Technology sectors with both domestic and international operations.
Patrick Reid	B.A. Economics, University of Manitoba	Past-chair of Public Accounts of the Provincial Legislature, as well as owner/co-owner of four businesses.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in its Charter.

External Auditor Service Fees (By Category)

The following table provides detail in respect of fees billed to the Company by its external auditor during the last two complete financial years:

	Audit Fees ⁽¹⁾	Audit-Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
Year ended June 30, 2015	\$16,000	Nil	Nil	Nil
Year ended June 30, 2014	\$22,000	Nil	Nil	Nil

Notes:

- (1) *The aggregate fees billed for professional services rendered by the auditor for the audit of the Company's annual financial statements.*
- (2) *The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are not disclosed in the "Audit Fees" column.*
- (3) *The aggregate fees billed for tax compliance, tax advice, and tax planning services.*
- (4) *No other fees were billed by the auditor of the Company other than those listed in the other columns.*

Exemption

Since the Company is a "Venture Issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America, or a market outside of Canada and the United States of America), it is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No "informed person" (as such term is defined in NI 51-102), proposed nominee for election as a director of the Company, or any associate or affiliate of the foregoing, has or had a material interest, direct or indirect, in any transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed elsewhere in this Circular, no director or executive officer of the Company since the beginning of the Company's last financial year, proposed nominee for election as a director of the Company, or any associate or affiliate of the foregoing, has or had a material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Shareholders may contact the Chairman of the Company in order to request copies of the Financial Statements at 56 Temperance Street, Suite 1000, Toronto, Ontario M5H 3V5; Tel: (647) 557-3442 Fax: (647) 557-3448. Financial information about the Company may be found in the Financial Statements and MD&A which is also available on the Company's SEDAR profile and website at www.canstarresources.com/s/Financials.asp.

APPROVAL

The contents and the sending of the notice of meeting of the Company and this Circular to each Shareholder of the Company entitled thereto, each director of the Company, the auditors of the Company, and where required, all applicable securities regulatory authorities, have been approved by the Board.

DATED this 2nd day of November, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Danniel J. Oosterman"

Danniel J. Oosterman
President & Chief Executive Officer

APPENDIX “A”

AUDIT COMMITTEE CHARTER

MANDATE

The Audit Committee (“**Committee**”) is a committee of the board of directors (the “**Board**”). Its primary function shall be to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and disclosure requirements, the overall maintenance of the systems of internal controls that management have established and the overall responsibility for Canstar Resources Inc.’s (the “**Company**”) external and internal audit processes.

The Committee shall have the power to conduct or authorize investigations into any matter within the scope of this Charter. It may request any officer or employee of the Company, its external legal counsel or external auditor to attend a meeting of the Committee or to meet with any member(s) of the Committee.

The Committee shall be accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Committee shall maintain an open communication between the Company’s outside auditor and the Board.

The responsibilities of a member of the Committee shall be in addition to such member’s duties as a member of the Board.

The Committee has the duty to determine whether the Company’s financial disclosures are complete, accurate, are in accordance with international financial reporting standards and fairly present the financial position and risks of the organization. The Committee should, where it deems appropriate, resolve disagreements, if any, between management and the external auditor, and review compliance with laws and regulations and the Company’s own policies.

The Committee will provide the Board with such recommendations and reports with respect to the financial disclosures of the Company as it deems advisable.

MEMBERSHIP AND COMPOSITION

The Committee shall consist of at least three Directors who shall serve on behalf of the Board of which at least two directors are independent. The members shall be appointed annually by the Board and shall meet the independence, financial literacy and experience requirements of the TSX-V, including Multilateral Statement 52-110, and other regulatory agencies as required.

A majority of Members will constitute a quorum for a meeting of the Committee.

The Board will appoint one Member to act as the Chairman of the Committee. In his absence, the Committee may appoint another person provided a quorum is present. The Chairman will appoint a Secretary of the meeting, who need not be a member of the committee and who will maintain the minutes of the meeting.

MEETINGS

At the request of the external auditor, the Chief Executive Officer or the Chief Financial Officer of the Company or any member of the Committee, the Chairman will convene a meeting of the Committee. In advance of every meeting of the Committee, the Chairman, with the assistance of the Chief Financial Officer, will ensure that the agenda and meeting materials are distributed in a timely manner and no less than five (5) business days before the meeting.

The Committee shall meet no less than four times per year or more frequently if circumstances or the obligations require.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be as follows:

A. Financial Reporting and Disclosure

- i. Review and discuss with management and the external auditor at the completion of the annual examination:
 - a. the Company's audited financial statements and related notes;
 - b. the external auditor's audit of the financial statements and their report thereon;
 - c. any significant changes required in the external auditor's audit plan;
 - d. any serious difficulties or disputes with management encountered during the course of the audit; and
 - e. other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.
- ii. Review and discuss with management and the external auditor at the completion of any review engagement or other examination, the Company's quarterly financial statements.
- iii. Review, discuss with management the annual reports, the quarterly reports, the Management Discussion and Analysis, Annual Information Form, prospectus and other disclosures and, if thought advisable, recommend the acceptance of such documents to the Board for approval.
- iv. Review and discuss with management any guidance being provided to shareholders on the expected future results and financial performance of the Company and provide their recommendations on such documents to the Board.
- v. Inquire of the auditors the quality and acceptability of the Company's accounting principles, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates.
- vi. Meet independently with the external auditor and management in separate executive sessions, as necessary or appropriate.
- vii. Ensure that management has the proper systems in place so that the Company's financial statements, financial reports and other financial information satisfy legal and regulatory requirements. Based upon discussions with the external auditor and the financial statement review, if it deems appropriate, recommend to the Board the filing of the audited annual and unaudited quarterly financial statements.
- viii. Oversee and enforce Company's public disclosure practices.

B. External Auditor

- i. Consider, in consultation with the external auditor, the audit scope and plan of the external auditor.
- ii. Recommend to the Board the external auditor to be nominated and review the performance of the auditor, including the lead partner of the external auditor.
- iii. Confirm with the external auditor and receive written confirmation at least once per year as to disclosure of any investigations or government enquiries, reviews or investigations of the outside auditor.
- iv. Take reasonable steps to confirm the independence of the external auditor, which shall include:
 - a. ensuring receipt from the external auditor of a formal written statement delineating all relationships between the external auditor and the Company, consistent with generally accepted auditing practices,

- b. considering and discussing with the external auditor any disclosed relationships or services, including non audit services, that may impact the objectivity and independence of the external auditor, and
- c. approve in advance any non audit related services provided by the auditor to the Company with a view to ensuring independence of the auditor, and in accordance with any applicable regulatory requirements, including the requirements of the TSX-V with respect to approval of non audit related services performed by the auditor.

C. Internal Controls and Audit

- i. Review and assess the adequacy and effectiveness of the Company's systems of internal and management information systems through discussion with management and the external auditor to ensure that the Company maintains appropriate systems, is able to assess the pertinent risks of the Company and that the risk of a material misstatement in the financial disclosures can be detected.
- ii. Assess the requirement for the appointment of an internal auditor for the Company.
- iii. Inquire of management and the external auditor about the systems of internal controls that management and the Board have established and the effectiveness of those systems. In addition, inquire of management and the external auditor about significant financial risks or exposures and the steps management has taken to minimize such risks to the Company.

OVERSIGHT FUNCTION

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of management and the external auditors. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

CHARTER REVIEW

The Committee will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

ADOPTION

This Policy was adopted by the Board on November 9, 2012.

