

**GALANTAS GOLD CORPORATION  
NOTICE OF ANNUAL AND SPECIAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual and Special Meeting (the “Meeting”) of shareholders of GALANTAS GOLD CORPORATION (the “Company”) will be held on Monday, June 26, 2017 at 11:00 a.m. (Toronto time) at the registered office of the Company, DSA Corporate Services Inc. 82 Richmond Street East, Toronto, Ontario, M5C 1P1, for the following purposes:

- to receive the audited financial statements for the Company fiscal year ended December 31, 2016, and the report of the auditors thereon;
- to elect Ronald Alexander, Lionel J. Gunter, Roland Phelps, James B. Clancy and James I. Golla as directors of the Company for the ensuing year as more particularly set out in the accompanying Management Information Circular;
- to appoint Abraham Chan LLP, Chartered Accountants as the auditors of the Company for the ensuing year and to authorize the board of directors to fix the auditors’ remuneration for the ensuing year;
- to consider and, if thought appropriate, pass, with or without amendment, the ordinary resolution, ratifying and confirming the “rolling” stock option plan of the Company as more particularly set out in the accompanying Management Information Circular;
- to transact such other business as may properly be brought before the Meeting and at any adjournment or adjournments thereof.

Accompanying this Notice are: (i) the Management Information Circular, (ii) the form of Proxy and notes thereto, and (iii) the Company’s financial statements and management’s discussion and analysis for the year ended December 31, 2016.

Registered shareholders who are unable to attend the Meeting in person, or wish to vote in advance on the above Meeting items, are asked to date and execute the accompanying form of Proxy and deposit it with the Company’s transfer agent and registrar, TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1.

A proxy will not be valid unless the completed, dated and signed form of proxy is deposited, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, with TSX Trust Company by mail using the return envelope accompanying the notice of meeting, by hand delivery to 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1 or by fax at 416.595.9593, in each case not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, or adjournment thereof.

Non-registered shareholders who receive the materials through their broker or intermediary are requested to execute and return the materials in accordance with the instructions provided to them by their broker or intermediary.

**DATED** at Toronto, Ontario this 18<sup>th</sup> day of May, 2017.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Roland Phelps”*

**ROLAND PHELPS**

President and Chief Executive Officer

**GALANTAS GOLD CORPORATION**

82 Richmond Street East  
Toronto, Ontario M5C 1P1

**MANAGEMENT INFORMATION CIRCULAR**

containing information as at May 18<sup>th</sup>, 2017 unless otherwise noted.

**SOLICITATION OF PROXIES**

**Solicitation of Proxies by Management**

**This Management Information Circular (“Circular”) dated May 18, 2017 is furnished in connection with the solicitation of proxies by the management (the “Management”) of Galantas Gold Corporation (the “Company”) for use at the Annual and Special Meeting of the shareholders of the Company to be held on June 26, 2017 (the “Meeting”), at the time and place and for the purposes set forth in the accompanying Notice of Meeting (“Notice of Meeting”) and any adjournment thereof.**

**Costs and Manner of Solicitation**

The enclosed Instrument of Proxy is solicited by Management. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone, facsimile or electronically by the directors and regular employees of the Company or other proxy solicitation services. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of common shares (the “Common Shares”) of the Company. **All costs of solicitation will be borne by the Company.** No director of the Company has informed Management in writing that he intends to oppose any action intended to be taken by Management at the Meeting.

**APPOINTMENT AND REVOCATION OF PROXIES**

**Appointment of Proxy**

A shareholder entitled to vote at the Meeting may, by means of a properly executed and deposited proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders of the Company, to attend and act at the Meeting for the shareholder and on the shareholder’s behalf.

The persons named as proxyholders in the accompanying form of Proxy, namely George Duguay, Corporate Secretary and a Director of the Company, and James I. Golla, Director of the Company, were designated by Management (the “Management Designees”). **A SHAREHOLDER HAS THE RIGHT TO APPOINT SOME OTHER PERSON OR COMPANY (who need not be a shareholder) to represent him or her at the Meeting. Such right may be exercised by inserting such person’s or company’s name in the blank space provided in the form of Proxy and striking out the names of the Management Designees or by completing another form of Proxy.** In such event, the shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and should provide instructions on how the shareholder’s shares are to be voted. The nominee should bring personal identification to the meeting.

A proxy will not be valid unless the completed, dated and signed form of Proxy is deposited, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, with TSX Trust Company by mail using the return envelope accompanying the notice of meeting, by hand delivery to 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1 or by fax at 416.595.9593, in each case not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, or adjournment thereof.

### **Revocation of Proxy**

A shareholder who has given a proxy has the power to revoke it at any time before it is exercised by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, 82 Richmond Street East, Toronto, Ontario M5C 1P1, at any time up to and including the last business day preceding the day of the Meeting (or, if adjourned, at any reconvening thereof), or to the chairman of the Meeting on the day of the Meeting, or in any other manner permitted by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

In addition, a proxy may be revoked by a shareholder executing another form of Proxy bearing a later date and depositing the same at the offices of TSX Trust Company within the time period and in the manner set out under the heading "Appointment of Proxy" above or by the shareholder personally attending at the Meeting, withdrawing his or her proxy and voting the shares.

### **General**

Shares represented by properly executed proxies in favour of the Management Designees **will be voted for the matters to be transacted at the Meeting (as stated herein and in the Notice of Meeting) or withheld from voting or voted against, if so indicated on the form of Proxy.**

If the instructions contained in a form of Proxy are certain, the shares represented by the proxy shall be voted on any ballot and, where a choice is specified, in accordance with the specification so made. **If no choice is indicated with respect to any matter referred to herein, the Proxy will be voted FOR such matter.**

The enclosed form of Proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations to matters referred to herein and with respect to other matters which may properly come before the Meeting. In the event amendments or variations to matters referred to herein are properly brought before the Meeting, or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of Proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Circular, Management knows of no such amendment, variation or other matter which may be presented at the Meeting.

**Unless otherwise directed, it is Management's intention to vote proxies in favour of the resolutions set forth herein. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares present in person or represented by proxy at the Meeting. All special resolutions require, for the passing of the same, at least two thirds of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting. All approvals by "disinterested shareholder vote" require the approval of the shareholders not affected by, or interested in, the matter to be approved, by way of a simple majority of the votes cast at the Meeting by disinterested shareholders.**

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

Only registered holders of Common Shares or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) that the Non-Registered Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

These securityholder materials are being sent to both registered and Non-Registered Holders of the securities. If you are a Non-Registered Holder, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable

securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

In accordance with the requirements of the Canadian Securities Administrators, the Company will have distributed copies of the Notice of Meeting, this Circular, and the enclosed form of Proxy (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived his or her right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

1. be given a form of Proxy **which has already been signed by the Intermediary** (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder, but which is otherwise incomplete. This form of Proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of Proxy and deposit it with TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1 or by fax at 416.595.9593, with respect to the Common Shares beneficially owned by such Non-Registered Holder, in accordance with the instructions provided by the Intermediary, **OR**
2. more typically, be given a voting registration form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute authority and instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one-page pre-printed form. Sometimes, instead of the one-page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar code or other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit the Non-Registered Holder to direct the voting of the shares he or she beneficially owns. **Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should contact the Intermediary for instructions as to how to proceed.**

**All references to shareholders in this Circular and the accompanying form of Proxy and Notice of Meeting are to registered shareholders of the Company unless specifically stated otherwise.**

#### **RECORD DATE AND RIGHT TO VOTE**

The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed at the close of business on May 18, 2017 (the “**Record Date**”).

Every shareholder of record at the Record Date who either personally attends the Meeting or who has submitted a properly executed and deposited form of Proxy in the manner and subject to the provisions described in “Appointment of Proxy” above, and which has not been revoked, shall be entitled to vote or to have his or her shares voted at the Meeting or any adjournment thereof.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series. As at May 18, 2017 the Company had 170,894,087 Common Shares issued and outstanding without nominal or par value and no preferred shares are issued and outstanding. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.

The presence in person or by proxy of not less than 2 persons holding or representing not less than 20% of the shares of the Company entitled to vote at a meeting of shareholders is necessary to constitute a quorum of shareholders at the Meeting.

To the knowledge of the directors and executive officers of the Company, as at the date hereof, there is no person or company who beneficially owns, directly or indirectly, or exercises control or direction over Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares except as indicated in the following table:

Name and Current Office (if any)	Type of Ownership	Number of Common Shares Owned or Controlled as of the date of this Circular	Percentage of outstanding Common Shares as of the date of this Circular
<b>Roland Phelps,</b> <i>President, Chief Executive Officer and Director</i> <sup>(1)</sup>	Direct <sup>(1)</sup>	33,356,750	19.5%
<b>Ross Beatty</b> <sup>(1)</sup>	Direct	32,151,567	18.8%
<b>Melquart Ltd</b>	Direct	22,222,222	13.0%

**Note:**

<sup>(1)</sup> The information with respect to the number of Common Shares held by the above persons is derived from such persons' disclosure on [www.sedi.ca](http://www.sedi.ca).

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The Compensation and Corporate Governance Committee, which is currently composed of Messrs. Golla, Clancy and Alexander, meet regularly and review and make recommendations to the board of directors of the Company (the "**Board**") with respect to the compensation of the executive officers of the Company. This committee also recommends candidates for election to the Board, including the Chief Executive Officer.

Directors who are also members of management absent themselves from a meeting, or portion of a meeting, of the Board where such individual's compensation is discussed and refrain from voting in respect of the approval of such compensation.

#### *Objectives of Compensation Program*

The Company's principal goal is to create value for its shareholders. The Company believes that the compensation policies and practices of the Company should reflect the interests of its shareholders in achieving this goal.

The Company's compensation philosophy is based upon the following principal objectives: (i) aligning the interests of the Chief Executive Officer and the other officers of the Company with the interests of the Company and its shareholders; (ii) linking executive compensation to the performance of the Company and each particular officer of the Company; and (iii) attracting, motivating and retaining individuals with exceptional executive, technical, financial and other relevant skills.

The Compensation and Corporate Governance Committee reviews compensation as a whole, taking into account salary, stock options, bonuses and any other form of compensation. Previous grants of stock options are taken into account when considering new stock option grants.

#### *Annual Salaries and Performance Bonuses*

To ensure that the Company attracts and retains qualified and experienced executives, the Compensation and Corporate Governance Committee annually reviews and, if appropriate, adjusts the base salaries of its senior executives.

The performance criteria considered in determining performance bonus awards vary in accordance with the position and responsibilities of the executive of the Company. While not solely based on any one item, key considerations in determining performance bonuses for executives of the Company include the operating performance of the Company, the guidance and strategic vision for growth and business goals of the Company, the performance of the Common Shares and other organizational indicators, as well as individual achievements that demonstrate a contribution by the executive to the Company. The Compensation and Corporate Governance Committee also considers industry peer compensation in assisting it to arrive at its recommendations.

For the year ended December 31, 2016, after review by management it was their recommendation that for the year 2016 no bonuses would be paid. This recommendation was reviewed by the Compensation and Corporate Governance Committee and accepted by the Board of Directors.

#### **Summary of Compensation of Executive Officers**

For the financial year ended December 31, 2016, Roland Phelps, the Company's President and Chief Executive Officer ("CEO") and Leo O'Shaughnessy, the Company's Chief Financial Officer (the "CFO") were the "Named Executive Officers" (or "NEOs") of the Company. Mr. Phelps is also a director of the Company.

A "**Named Executive Officer**" means the following individuals: the CEO, CFO and the three most highly compensated Executive Officers, other than the CEO and CFO, whose total compensation exceeded \$150,000 and who were serving as Executive Officers (as defined below) at the end of the most recently completed financial year and any such individuals who would be a Named Executive Officer 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 the most recently completed financial year.

"**Executive Officer**" means an individual who is the chair or vice-chair of the board of directors, president or any vice-president in charge of a principal business unit, division or function including sales, finance or production, and an officer of the Company or its subsidiary who performs a policy-making function in respect of the Company or any other individual who performed a policy-making function in respect of the Company.

Other than its President and Chief Executive Officer, the Company had no **Executive Officers** whose compensation exceeded \$150,000 for the financial year ended December 31, 2016. The aggregate cash compensation (including salaries, fees, directors' fees, commissions, bonuses paid for services rendered during the most recently completed fiscal year, bonuses accrued or paid for services rendered in a previous year, and any compensation the payment of which was deferred) accrued or paid to the Named Executive Officers (or companies controlled by the Named Executive Officers), in the capacity as a Named Executive Officer, for the most recently completed financial year, was \$390,800. The following table sets forth all annual and long-term compensation paid by the Company and its subsidiaries for the Named Executive Officers.

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Share-Based Awards <sup>(1)</sup>	Option-Based Awards <sup>(1)</sup>	Non-Equity Incentive Plan Compensation		Pension Value <sup>(1)</sup>	All Other Compensation	Total Compensation
					Annual Incentive Plans	Long-Term Incentive Plans <sup>(1)</sup>			
Roland Phelps President, Chief Executive Officer, Director	2016	£ 200,000 <sup>(3)</sup> \$ 359,240 <sup>(2)</sup>	N/A	\$ Nil	N/A	N/A	N/A	Nil	\$ 359,240
	2015	£ 200,000 <sup>(3)</sup> \$ 390,800 <sup>(2)</sup>	N/A	\$ 45,633	N/A	N/A	N/A	Nil	\$ 436,433
	2014	£ 200,000 <sup>(3)</sup> \$ 363,800 <sup>(2)</sup>	N/A	Nil	N/A	N/A	N/A	Nil	\$ 363,800
Leo O'Shaughnessy Chief Financial Officer	2016	€ 49,000/ \$ 72,380 <sup>(2)</sup>	N/A	\$ Nil	N/A	N/A	N/A	Nil	\$ 72,380
	2015	€ 49,000/ \$ 72,393 <sup>(2)</sup>	N/A	\$ 18,254	N/A	N/A	N/A	Nil	\$ 90,647
	2014	€ 49,000/ \$ 72,205 <sup>(2)</sup>	N/A		N/A	N/A	N/A		\$ 72,205

**Notes:**

- (1) The Company does not have share-based, long-term incentive or pension plans.
- (2) Based on the average exchange rates for the respective years.
- (3) The payment of salary awarded to Roland Phelps for the year was deferred, and the relevant accrual for the salary amount was included in the Company's financial statements for the year ended December 31, 2016.

**Long-Term Incentive Plan**

The Company does not have a long-term incentive plan for the Named Executive Officers, other than stock options granted from time to time by the Board under provisions of the stock option plan.

**Outstanding Option-Based Awards – Named Executive Officers**

The following table sets out information concerning all awards outstanding at the end of the most recently completed financial year. This includes unexercised options held by the Named Executive Officers during 2016 and the value of unexercised options held by the Named Executive Officers as at December 31, 2016. The closing price

of the Common Shares on the TSX Venture Exchange on December 31, 2016 was \$0.10. The Company does not have a share-based plan.

Name	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised In-the-Money Options
<b>Roland Phelps</b> President, Chief Executive Officer, Director	500,000	\$0.105	June 1, 2020	Nil
<b>Leo O'Shaughnessy</b> Chief Financial Officer	200,000	\$0.105	June 1, 2020	Nil

#### Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table provides information regarding value vested or earned through the stock option plan awards by the Named Executive Officers during the year ended December 31, 2016.

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
<b>Roland Phelps</b> President, Chief Executive Officer, Director	\$ Nil	N/A	N/A
<b>Leo O'Shaughnessy</b> Chief Financial Officer	\$ Nil	N/A	N/A

#### *Termination and Change of Control Benefits*

Except as disclosed in this Circular, the Company presently does not have in place any compensatory plan, contract, agreement, or arrangement that provides for payments to a NEO or any of its directors at, following or in connection with any termination, resignation, retirement, a change of control of the Company or on a change in NEO's or director's (as the case may be) responsibilities.

#### *Loan Agreement*

On November 4, 2008, the Company entered into a loan agreement (the "**Loan Agreement**") with Roland Phelps pursuant to which Mr. Phelps agreed to lend up to £500,000 (\$943,000) to the Company for the purposes of working capital and capital expenditures. In 2009, the loan under the Loan Agreement was consolidated whereby G&F Phelps Limited, a company controlled by Mr. Phelps, consolidated its loans to the Company and took over all loans to the Company that were advanced by Welsh Gold plc and Mr. Phelps. As a result, the consolidated loan currently owing to G&F Phelps Limited bears interest at 2% above UK base rates, is repayable on demand and is secured by a mortgage debenture over all of the Company's assets.

#### *Employment Agreements*

On March 15, 2006, the Company entered into an employment agreement with Roland Phelps (the "**Employment Agreement**") pursuant to which the Company engages Mr. Phelps to occupy the position of President and Chief



Executive Officer of the Company. The Employment Agreement sets out the terms and conditions in the event that there is a change of control or in other circumstances where Mr. Phelps is terminated without cause. The Company may terminate the Employment Agreement at any time by giving a notice of termination. If the Company terminates the Employment Agreement and Mr. Phelps' employment thereunder without cause, in addition to any other amounts that may be payable to Mr. Phelps under the Employment Agreement up to the date of termination, the Company shall pay to Mr. Phelps an amount equal to the fees that would have been payable to Mr. Phelps had the retainer with the Company continued for the a period of six months from the date of termination plus the equivalent of one additional month of salary for every full or partial year of service subsequent to January 1, 2006, up to a total maximum of 12 months (with fees being an amount equal to £200,000 which comprise the annual salary / base compensation which would otherwise have been payable to Mr. Phelps). In the event that a termination occurs, all stock options granted to Mr. Phelps under the stock option plan and any predecessor thereto shall immediately be vested and exercisable.

The Company also has an employment contract in place with Leo O'Shaughnessy, Chief Financial Officer. The terms and conditions of the employment agreements between Roland Phelps and the Company and Leo O'Shaughnessy and the Company (collectively, the "Agreements") are substantially the same, including with respect to payments triggered as a result of termination of the Agreements or change of control of the Company.

The Employment Agreement between Roland Phelps and the Company was entered into March 15, 2006, and was retroactive to January 1, 2005, automatically renewable on an annual basis. The Agreement between Leo O'Shaughnessy and the Company commenced on October 1, 2008, automatically renewable on an annual basis. Benefits include reimbursement for all reasonable travel and other expenses incurred in connection with the performance of their respective duties, as well as 31 working days' vacation per year.

The Company may terminate the Agreements at any time, however, the following severance schedule, based on the respective average annual earnings of Mr. Phelps and Mr. O'Shaughnessy and rendered to a maximum of 12 months' equivalent earnings, is in effect:

<b>Severance Schedule</b>	
<b>Roland Phelps</b>	
For services rendered prior to January 1, 2006:	Equivalent of six (6) months' salary.
For every full or partial year of services subsequent to January 1, 2006:	The equivalent of one (1) additional month of salary.
<b>Leo O'Shaughnessy</b>	
For services rendered prior to December 31, 2008:	Equivalent of six (6) months' salary.
For every full or partial year of services subsequent to December 31, 2013:	The equivalent of one (1) additional month of salary.

Pursuant to the terms of the Agreements, (i) Mr. Phelps was paid at a rate equivalent to £40,000 per annum payable in 26 bi-weekly instalments of £1,538.46 in arrears which was increased to £ 200,000 per annum with effect from January 1, 2011 and (ii) Mr. O'Shaughnessy was paid at a rate equivalent to €24,000 per annum payable monthly in arrears which was increased to €49,000 per annum with effect from July 1, 2012. Stock options are awarded by the Board pursuant to the provisions of the stock option plan of the Company.

## **Stock Option Plan**

The Company has no pension plan and no standard or other arrangement for compensation to the other directors and officers of the Company except the granting of stock options.

The Company has a stock option plan in place (the “**Stock Option Plan**”), as authorized by the Board on May 17, 2004, and approved by the shareholders of the Company on June 15, 2004, to enable the Company to attract, retain and compensate qualified persons as directors, senior officers and employees of, and consultants to the Company and its affiliates and subsidiaries by providing such persons with the opportunity, through share options, to acquire an increased proprietary interest in the Company. The Stock Option Plan is administered by the Board. The option price under each option shall not be less than the discounted market price of the Common Shares, based on the market value of the Common Share on the business day immediately preceding the date of the grant and the expiry date for each option shall be established by the Board at the time of the grant and shall not be more than five (5) years after the date of the grant. Pursuant to the Stock Option Plan, the Board may allocate non-assignable and non-transferable options in respect of authorized and unissued Common Shares to the directors, senior officers, full-time employees or consultants of the Company or any affiliate or subsidiary of the Company (“**Eligible Persons**”). The Stock Option Plan is a “rolling” stock option plan, reserving a maximum of 10% of the issued and outstanding Common Shares, calculated at the time of the grant of the options. In addition to any resale restrictions under applicable securities laws, the options granted under the Stock Option Plan will be subject to a four (4) month holding period commencing on the date of the grant, as per TSX Venture Exchange requirements.

Options granted under the Stock Option Plan are not transferable and if an optionee ceases to be an Eligible Person, his, her or its options shall be exercisable as follows: (a) if the optionee ceases to be an Eligible Person by death or permanent disability of the optionee, the options then held shall be exercisable by the optionee, the legal personal representative(s) or the estate of the optionee, as the case may be, at any time within 90 days of the date of termination of employment of the optionee; and (b) if the optionee ceases to be an Eligible Person due to any other reason other than death or permanent disability, the options then held by the optionee and any and all rights to purchase Common Shares pursuant to such options, shall expire and terminate immediately as to the unvested portion thereof and, as to the vested portion thereof, shall expire and terminate on the earlier of the date of the expiry of such options in accordance with their terms and the date that is thirty (30) days from the date that the optionee ceases to be an Eligible Person.

As at the Company’s most recent financial year ended December 31, 2016, the Company had 3,700,000 options outstanding under the Stock Option Plan that are exercisable into 3,700,000 Common Shares.

## **Compensation of Directors**

The directors of the Company have no standard compensation arrangements, or any other arrangements, with the Company, except as herein disclosed. The members of the Board who are independent in accordance with the definition of independence set out in National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators (“**NI 52-110**”) are each paid an annual fee of \$5,000. Each director or member of a Board committee (other than the chairs of the Company’s committees who are compensated at a rate of \$500 per meeting) is compensated at a rate \$250 per meeting. The aggregate amount earned by the directors of the Company for their services as directors, including salaries, director’s fees, commissions, bonuses paid for services rendered during the most recently completed financial year, bonuses paid during the most recently completed financial year for services rendered in a previous year, and any compensation the payment of which was deferred was \$27,250.

The directors had no arrangements with the Company where they were compensated for services as consultants or experts by the Company or its subsidiaries during the financial year ended December 31, 2016.

Executive Officers of the Company who also act as directors of the Company do not receive any additional compensation for services rendered in such capacity, other than as paid by the Company to such Executive Officers in their capacity as Executive Officers<sup>(1)</sup>. See “Summary of Compensation of Executive Officers” above.

The following table provides details with respect to compensation paid to, or earned by the Directors of the Company who were not Named Executive Officers as at December 31, 2016<sup>(1)</sup>:

Name <sup>(1)</sup>	Fees Earned	Share-Based Awards	Option-Based Awards	Non-Equity Incentive Plan Compensation	Pension Value	All Other Compensation	Total
<b>Ronald Alexander</b>	\$ 6,500	N/A	\$ Nil	N/A	N/A	Nil	\$ 6,500
<b>Lionel J. Gunter</b>	\$ 5,500	N/A	\$ Nil	N/A	N/A	Nil	\$ 5,500
<b>James B. Clancy</b>	\$ 8,250	N/A	\$ Nil	N/A	N/A	Nil	\$ 8,250
<b>James I. Golla</b>	\$ 6,250	N/A	\$ Nil	N/A	N/A	Nil	\$ 6,250

Note:

(1) During the financial year ended December 31, 2016, Mr. Phelps was a NEO and also a director of the Company. The relevant disclosure of his compensation for services rendered by him in his capacity as a NEO has been included under "Summary of Compensation of Executive Officers" above. During the financial year ended December 31, 2016, Mr. Phelps did not receive any additional compensation for services rendered in his capacity as a director of the Company.

#### Outstanding Option-Based Awards - Directors

The following table sets out information concerning all awards outstanding at the end of the most recently completed financial year. This includes unexercised options held by the directors during 2016 and the value of unexercised options held by the directors who were not Named Executive Officers as at December 31, 2016<sup>(1)</sup>. The closing price of the Common Shares on the TSX Venture Exchange on December 31, 2016 was \$0.10. The Company does not have a share-based plan.

Name <sup>(1)</sup>	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised In-the-Money Options
<b>Ronald Alexander</b>	100,000	\$0.105	June 1, 2020	Nil
<b>Lionel J. Gunter</b>	200,000	\$0.105	June 1, 2020	Nil
<b>James B. Clancy</b>	100,000	\$0.105	June 1, 2020	Nil
<b>James I. Golla</b>	100,000	\$0.105	June 1, 2020	Nil

Notes:

(1) During the financial year ended December 31, 2016, Mr. Phelps was a NEO and also a director of the Company. The relevant disclosure of his compensation for services rendered by him in his capacity as a NEO has been included under "Summary of Compensation of Executive Officers" above. During the financial year ended December 31, 2016, Mr. Phelps did not receive any additional compensation for services rendered in his capacity as a director of the Company.

**Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year**

The following table provides information regarding value vested or earned through the Stock Option Plan awards by Directors of the Company who were not Named Executive Officers during the year ended December 31, 2016.

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Ronald Alexander	\$ Nil	N/A	N/A
Lionel J. Gunter	\$ Nil	N/A	N/A
James B. Clancy	\$ Nil	N/A	N/A
James I. Golla	\$ Nil	N/A	N/A

**Other Compensation**

Other than as set forth herein, the Company did not pay any other compensation to the Executive Officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full-time employees) during the financial year ended December 31, 2016.

**EQUITY COMPENSATION PLANS**

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity Compensation plans approved by securityholders	3,700,000	\$0.11	10,780,083 (as of December 31, 2016)
<b>Total</b>	3,700,000	\$0.11	10,780,083 (as of December 31, 2016)

The only compensation plan under which equity securities of the Company are authorized for issuance is the Stock Option Plan, details of which are set out in this Circular under the heading “Executive Compensation – Stock Option Plan” and which has been approved by the shareholders of the Company.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

During the financial year ended December 31, 2016 and as of the date of this Circular, no director, Executive Officer, officer, 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 the last completed financial year, indebted to the Company or any of its subsidiaries, whether in connection with a purchase of securities or otherwise, 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 or any of its subsidiaries.

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

The Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or Executive Officer of the Company at any time since the beginning of the last financial year of the Company, or any proposed nominee for election as a director of the Company, or any known associate or affiliates of such persons in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors, or as otherwise disclosed herein.

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

Other than as disclosed in this Circular, the Company is not aware of any material interest, direct or indirect, of any Informed Person (as defined below) of the Company in any transaction since the commencement of the Company's last financial year or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. An "Informed Person" means a director or Executive Officer of a reporting issuer or of a person or company that is itself an informed person or subsidiary of a reporting issuer, any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution, and a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities. Nor is the Company aware of any material interest, direct or indirect, of any proposed director of the Company, any associate or affiliate of any informed person or proposed director, or of any person who beneficially owns or controls directly or indirectly more than 10% of the issued and outstanding Common Shares in any transaction since the commencement of the Company's last financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

#### **MANAGEMENT CONTRACTS**

Other than disclosed above under the heading "Summary of Compensation of Executive Officers", no other persons manage the Company.

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

To the knowledge of the board of directors of the Company, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

#### **Receipt of Financial Statements**

The audited consolidated financial statements of the Company for the financial year ended December 31, 2016, and the accompanying auditors' report thereon will be presented at the Meeting.

#### **Re-Appointment of Auditors**

The shareholders of the Company will be asked to vote for the re-appointment of Abraham Chan LLP, Chartered Accountants, as auditors of the Company for the ensuing year. **Unless such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing Abraham Chan LLP, Chartered Accountants, as auditors for the**

**Company for the ensuing year**, to hold office until the close of the next annual meeting of shareholders or until such firm is removed from office or resigns as provided by law. The shareholders will also be asked to approve and adopt an ordinary resolution authorizing the Board to fix the compensation of the auditors for the ensuing year. Abraham Chan LLP, Chartered Accountants, have been the auditors of the Company since November 13, 2014.

**Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution authorizing the Board to fix the compensation of the auditors for the ensuing year.**

See the information contained under the heading “Audit Committee Disclosure - External Auditor Service Fees” for further details of fees paid to Abraham Chan LLP, Chartered Accountants.

**Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution authorizing the Board to fix the compensation of the auditors for the ensuing year.**

### Election of Directors

The board of directors presently consists of 5 directors and these directors are being nominated for re-election.

The term of office of each of the present directors expires at the Meeting. **The persons named below will be proposed for election at the Meeting as Management’s nominees and, unless such authority is withheld, the Management Designees, if named as proxy, intend to vote for the election of these nominees.** Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the by-laws of the Company, or with the provisions of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (“CBCA”). No class of shareholders of the Company has the right to elect a specified number of directors or to cumulate their votes for directors.

The following table sets out the names of the nominees for election as directors, the municipality in which each is ordinarily resident, all offices of the Company now held by each of them, their present principal occupation or employment, the period of time for which each has been a director of the Company, and the number of Common Shares or any of its subsidiaries beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

Name and Municipality of Residence <sup>(1)</sup>	Present office and Date first appointed as director	Present Principal Occupation <sup>(1)</sup>	Number of Common Shares Owned, Beneficially Held or Controlled <sup>(1)(2)</sup>	% of Class Held or Controlled
<b>Ronald Alexander</b> <sup>(3), (4)</sup> Calgary, Alberta	Director September 20, 1996	President of Detector Exploration Ltd. since June 24, 1998.	112,000	0.1%
<b>Lionel J. Gunter</b> <sup>(3)</sup> La Manga, Spain	Chairman and Director September 20, 1996	Chairman and Director of the Company since September 20, 1996.	3,393,088	2.0%
<b>Roland Phelps</b> Jersey, Channel Islands	President and Chief Executive Officer and Director February 17, 2003	Managing director of Welsh Gold PLC, a jewellery business since 1992.	33,356,750	19.5%
<b>James B. Clancy</b> <sup>(3)</sup> Toronto, Ontario	Director June 21, 2001	Chartered Accountant; Independent Financial Consultant since 1999.	36,846	-

Name and Municipality of Residence <sup>(1)</sup>	Present office and Date first appointed as director	Present Principal Occupation <sup>(1)</sup>	Number of Common Shares Owned, Beneficially Held or Controlled <sup>(1)(2)</sup>	% of Class Held or Controlled
<b>James I. Golla</b> <sup>(4)</sup> Mississauga, Ontario	Director June 21, 2001	Retired since 1996 after working as a journalist for the Globe and Mail since 1954.	20,000	-

**Notes:**

- (1) The information as to municipality of residence, present principal occupation or employment and 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) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the date herein.
- (3) James B. Clancy, Ronald Alexander and Lionel J. Gunter are currently the members of the Company's audit committee (the "**Audit Committee**"). James B. Clancy is the Chair of the Audit Committee. The general function of the Audit Committee is to review the overall audit plan and the Company's system of internal controls, to review the results of the external audit and to resolve any potential dispute with the Company's auditors.
- (4) James I. Golla, James B. Clancy and Ronald Alexander are currently the members of the Company's Compensation and Corporate Governance Committee. The functions of the Compensation and Corporate Governance Committee are described above under the heading "Compensation Discussion and Analysis".

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No director or proposed director of the Company:

- (a) is, as at the date hereof, or has been, within 10 years before the date hereof, a director, CEO or CFO of any company (including the Company) that,
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO,
- (b) is, as at the date hereof, or has been within 10 years before the date hereof, 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 other than Mr. Ron Alexander who was a director of Detector Exploration Ltd., for which a receiver, namely Hardie & Kelly, was accepted on February 22, 2016;
- (c) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (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 proposed director.

### **Confirmation of Stock Option Plan**

As described in the heading “Stock Option Plan” above, the Company has the Stock Option Plan in place. The Plan is a 10% “rolling” stock option plan as described in Policy 4.4 of the TSX Venture Exchange (“**Exchange Policy 4.4**”). Under the Exchange Policy 4.4, the Company is required to obtain the approval of its shareholders for any stock option plan that is a “rolling” plan every year at its annual shareholders’ meeting.

Accordingly, the shareholders of the Company will be asked to consider and, if thought appropriate, pass an ordinary resolution in substantially the form set out in Schedule “A” attached hereto, ratifying and confirming the Stock Option Plan. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of this ordinary resolution to ratify and confirm the Stock Option Plan.** If the Stock Option Plan is not approved by the shareholders, the Company will not be in a position to offer increased incentives to its directors, officers, employees and independent consultants.

## **CORPORATE GOVERNANCE**

### **Board of Directors**

Lionel J. Gunter is the chairman of the Board. The Board facilitates its exercise of independent supervision over management by ensuring that a majority of the members of the Board are independent within the meaning of NI 52-110. Under NI 51-110, a director is considered to be independent if, among other things, the director does not have a relationship with the Company which could, in the view of the Board, be reasonably expected to interfere with the exercise of such director’s independent judgment in his or her capacity as director. At present, the Board is composed of five directors, being Messrs. Phelps, Gunter, Clancy, Golla and Alexander, of which Messrs. Clancy, Golla, Gunter and Alexander are considered to be independent according to the definition of independence set out in NI 52-110. Mr. Phelps is not considered to be independent as he is an Executive Officer and member of the management of the Company.

The Board is responsible for approving long-term strategic plans, annual operating plans, budgets, material contracts and business transactions, strategic planning, acquisitions, and financings.

### **Directorships**

Each of the directors of the Company holds the following directorships of reporting issuers (or the equivalent in a foreign jurisdiction) other than the Company<sup>(1)</sup>:



<b>Director</b>	<b>Current Directorships</b>	<b>Previous Directorships</b>
Roland Phelps	None	None
Lionel J. Gunter	None	None
Ronald Alexander	None	Detector Exploration Limited
James Clancy	None	Royal Standards Minerals Corp.
James Golla	None	Altair Nanotechnologies Inc. Assure Energy Inc. Apogee Minerals Limited Barton Bay Resources Inc. Radiant Energy Corp.

**Note:**

(1) The information as to current and previous directorships is not within the knowledge of the Management and has been furnished by the respective directors.

**Orientation and Continuing Education**

The Company currently does not have any orientation or continuing education plans in place to orient new members of the Board. However, new directors are invited and encouraged to meet with established directors as well as the Company's legal counsel in order to better understand their role and responsibilities as a director of the Company. New directors are also provided with a complete set of the Company's mandates and policies.

**Ethical Business Conduct**

In fulfilling its mandate and approving various decisions put forth by Management, the Board ensures that the measures Management takes comply with securities regulations and other applicable laws. Members of the Board are also aware of their fiduciary role to the Company as well as their individual fiduciary duties in their role as directors, all of which are set out in the applicable federal corporate legislation. In exercising their powers and discharging their duties, the Board is required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. There is personal and regular interface with management as to progress, schedule and future planning. Furthermore, there is dual control of the Company's finances and periodic and regular review. Management at Board meetings regularly briefs the Board of Directors on the current and planned operations of the Company.

**Nomination of Directors**

As the Company's business evolves and expands, the Company may be required to change the size or composition of the board of directors to reflect different depths or areas of expertise of the members of the board of directors. From time to time new directors may be added in order to ensure that the Company continues to implement best practices and that the Company has access to the expertise required to run its operations in the most efficient manner possible. In addition, the Company will be required to replace existing directors from time to time. Currently, new candidates for the board of directors are identified by management and considered by the Corporate Governance Committee of the Board, which then recommends candidates for consideration by the Board, in each case, having regard to the needs of the Company at the relevant time.

## **Compensation**

Members of the Board are currently generally compensated to act as directors for the Company. Messrs. Alexander, Clancy and Golla are currently members of the Compensation and Corporate Governance Committee. Effective January 1, 2005, (i) the members of the Board who are independent within the meaning of NI 52-110 are each paid an annual fee of \$5,000, and (ii) each director or member of a Board committee (other than the chairs of the Company's committees who are compensated at a rate of \$500 per meeting) is compensated at a rate \$250 per meeting.

The Board determines the level of compensation of the directors and the CEO based on the Company's economic performance and the responsibilities and risks involved in being an effective director or chief executive (as applicable) of a junior resource company. The Board considers the current compensation to adequately cover such responsibilities and risks.

## **Other Board of Directors Committees**

In addition to the Audit Committee, details of which are outlined below, the Board also has a Compensation and Corporate Governance Committee. The functions of the Compensation and Corporate Governance Committee are described above under the heading "Compensation Discussion and Analysis".

## **Assessment of the Board of Directors, the Audit Committee and Directors**

The Company does not currently have any formal procedures in place to assess the performance of the whole Board, the Audit Committee or the directors on an individual basis. However, informal discussion among the members of the Board and management serves to monitor the evaluation of each director's contribution to the Board and, in the case of James Clancy, Ronald Alexander and Lionel J. Gunter, to the Audit Committee, and in the case of James I. Golla and Ronald Alexander, to the Compensation and Corporate Governance Committee.

## **AUDIT COMMITTEE**

Under NI 52-110, the Company is required to disclose certain information with respect to the Company's Audit Committee. This information is provided below. The full text of the Audit Committee Charter, as passed unanimously by the Board, is attached hereto as Schedule "B".

## **Composition of the Audit Committee and Relevant Education and Experience**

The Audit Committee is required to have a minimum number of three members (the "**Members**"), all of whom must be directors of the Company. The Audit Committee is currently composed of the following individuals: James Clancy, Ronald Alexander and Lionel J. Gunter. James Clancy is currently the Chair of the Audit Committee. If all of the current directors are re-elected at the Meeting, it is expected that Messrs. Clancy, Alexander and Gunter will continue to serve as members of the Audit Committee.

All of the Members are considered to be independent within the meaning of NI 52-110. In general terms, a Member is considered independent if they have no direct or indirect relationship with the Company which could, in the view of the Board, be reasonably expected to interfere with the exercise of the Member's independent judgment. Furthermore, all Members are financially literate in that they have the ability to read and understand a set of financial statements that are of the same breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of the issues that can be reasonably expected to be raised by the Company's financial statements. Mr. Clancy is a Chartered Accountant and has been an independent financial consultant since 1999, during which period Mr. Clancy has gained experience in understanding internal controls and procedures for financial reporting and in preparing, analyzing and evaluating financial statements that are of the

same breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of the issues that can be reasonably expected to be raised by the Company's financial statements.

### **Audit Committee Oversight**

At no time during the last financial year did the Company disregard a recommendation put forth by the Audit Committee with respect to the nomination or compensation of an external auditor.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption contained in section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*) with respect to the pre-approval of non-audit services by the Audit Committee, nor has the Company had to request any type of exemption from the securities regulatory authorities with respect to disclosure concerning the Company's Audit Committee, such exemptions being granted under Part 8 of MI 52-110 (*Discretionary Exemption of Securities Regulatory Authority or Regulator*).

### **Pre-Approval Policies and Procedures for Non-Audit Services**

The Audit Committee is responsible for pre-approving all non-audit services to be provided by the external auditor to the Company other than *de minimis* non-audit services referred to in section 2.4 of NI 52-110. In particular, the Chair of the Audit Committee is authorized to approve any non-audit services. The Audit Committee also reviews fees paid by the Company to the external auditors and other professionals in respect of audit and non-audit services on an annual basis. Furthermore, the Audit Committee is required to evaluate the independence and objectivity of the external auditors. The Audit Committee also has the authority to engage independent legal counsel and other advisors as it determines necessary to carry out its duties and responsibilities. The Chair of the Audit Committee is authorized to approve any non-audit services.

### **External Auditor Service Fees (by category)**

The aggregate fees billed by the Company's external auditors during the last two fiscal years are set out in the table below. "Audit Fees" refer to the aggregate fees billed by the external auditor for audit fees. "Audit-Related Fees" refer to the aggregate fees for assurance and related services billed by the external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and not reported under Audit Fees. "Tax Fees" refer to the aggregate fees for professional services rendered by the external auditor for tax compliance, tax advice, and tax planning. "All Other Fees" include all fees billed by the external auditors for services not covered in the other three categories.

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2016	\$ 24,000	Nil	\$ 1,000 <sup>(1)</sup>	\$ 480 <sup>(2)</sup>
2015	\$ 24,000	Nil	\$ 1,000 <sup>(1)</sup>	\$ 480 <sup>(2)</sup>
2014	\$ 24,000	Nil	\$ 1,000 <sup>(1)</sup>	\$ 480 <sup>(2)</sup>

#### **Notes:**

(1) "Tax Fees" include fees for professional services rendered by the external auditor for tax compliance, tax advice, and tax planning.

(2) "All Other Fees" for 2016, 2015 and 2014 are for an administration fee for the Canadian Public Accountability Board.

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

The Company is relying upon the exemption in Section 6.1 of NI 52-110 for issuers on the TSX Venture Exchange which allows for an exemption from Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110 and allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2.

### **OTHER BUSINESS**

Management of the Company knows of no other matters to come before the Meeting other than as set forth above and in the Notice of Meeting. Should any other matters properly come before the Meeting, it is the intention of the persons named in the form of Proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

### **ADDITIONAL INFORMATION**

Financial information for the Company's recently completed financial year and other additional information concerning the Company is contained in the management's discussion and analysis and the annual audited financial statements for the Company. Shareholders may obtain copies of these documents on SEDAR at [www.sedar.com](http://www.sedar.com) or from the registered office the Company at 82 Richmond Street East, Toronto, Ontario M5C 1P1.

### **DIRECTORS' APPROVAL**

The contents and the sending of the Notice of Meeting and this Circular have been approved by the Board.

Dated this 18<sup>th</sup> day of May, 2017.

**CERTIFIED CORRECT ON BEHALF OF  
THE BOARD OF DIRECTORS BY:**

*"Roland Phelps"*

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Roland Phelps  
President and Chief Executive Officer

**SCHEDULE "A"**  
**RESOLUTION OF THE SHAREHOLDERS**  
**OF**  
**GALANTAS GOLD CORPORATION**  
**(the "Company")**

**CONFIRMATION OF THE STOCK OPTION PLAN**

**WHEREAS** the Company has a "rolling" stock option plan (the "**Plan**") in place, as authorized by the board of directors of the Company on May 17, 2004, and approved by the shareholders of the Company on June 15, 2004;

**AND WHEREAS** the TSX Venture Exchange's policies require that shareholder approval be obtained in respect of the Plan on an annual basis.

**BE IT RESOLVED THAT:**

1. the Plan of the Company be ratified and confirmed; and
2. any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal of the Company or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to the foregoing resolution.

**SCHEDULE “B”**  
**CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**  
**OF**  
**GALANTAS GOLD CORPORATION**  
**(the “Company”)**

**I. PURPOSE**

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of the Company.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors as well as any officer of the Company, or outside counsel for the Company, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Company and has the authority to retain, at the expense of the Company, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part III of this Charter.

**II. AUTHORITY OF THE AUDIT COMMITTEE**

The Committee shall have the authority to:

- (b) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (c) set and pay the compensation for advisors employed by the Committee; and
- (d) communicate directly with the external auditors.

**III. RESPONSIBILITIES**

**A Independent Auditors**

1. The Committee shall recommend to the Board the external auditors to be nominated, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
3. The Committee shall review the external auditors’ audit plan, including scope, procedures and timing of the audit.
4. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.

5. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within generally accepted accounting principles that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Company and the external auditors.
6. The Committee shall pre-approve all non-audit services not prohibited by law to be provided by the external auditors.
7. The Committee shall review fees paid by the Company to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
8. The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Company.
9. The Committee shall monitor and assess the relationship between management and the external auditors and monitor and support the independence and objectivity of the external auditors.

**B Financial Accounting and Reporting Process**

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with generally accepted accounting principles and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
2. The Committee shall review management's discussion and analysis relating to annual and interim financial statements, earnings press releases, and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws prior to their being filed with the appropriate regulatory authorities.
3. The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Company in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Company in charge of financial matters, deems appropriate.
4. The Committee shall be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements other than earnings press releases, and periodically assess the adequacy of these procedures.
5. The Committee shall establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
6. The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Company may be subject, and assess the steps management has taken to minimize such risks.

7. The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
9. The Committee shall provide oversight to related party transactions entered into by the Company.

#### **C Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

#### **IV. COMPOSITION AND MEETINGS**

10. The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, securities laws, the listing requirements of the TSX Venture Exchange, the *Canada Business Corporations Act* and all applicable securities regulatory authorities.
11. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time, one of whom shall be designated by the Board to serve as Chair.
12. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.
13. If within one-half of an hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same time on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one-half of an hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same time on the next business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
14. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
15. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
16. Any member of the Committee may participate in a meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
17. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
18. The Committee may invite such officers, directors and employees of the Company and its subsidiaries as it may see fit, from time to time, to attend meetings of the Committee.



19. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.