

## PASINEX RESOURCES LIMITED

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### MANAGEMENT INFORMATION CIRCULAR

June 22, 2016

#### INTRODUCTION

This Information Circular accompanies the Notice of Annual General Meeting (the "**Notice**") and is furnished to shareholders holding common shares (the "**Common Shares**") in the capital of Pasinex Resources Limited (the "**Company**" or "**Pasinex**") in connection with the solicitation by the management of the Company of proxies to be voted at the Annual General Meeting (the "**Meeting**") of the shareholders to be held at 10:00 a.m. (Toronto time) on **July 27, 2016** at the Toronto offices of the Company, **36 Toronto Street, Suite 1000, Toronto, Ontario M5C 2C5** or at any adjournment or postponement thereof.

#### Date and Currency

The date of this Information Circular is June 22, 2016. Unless otherwise stated, all amounts herein are in Canadian Dollars.

#### PROXIES AND VOTING RIGHTS

##### Management Solicitation

The solicitation of proxies by the Company will be conducted by mail and may be supplemented by telephone or other personal contact to be made without special compensation by the directors, officers and employees of the Company. The Company does not reimburse shareholders, nominees or agents for costs incurred in obtaining from their principals authorization to execute forms of proxy, except that the Company has requested brokers and nominees who hold stock in their respective names to furnish this proxy material to their customers, and the Company will reimburse such brokers and nominees for their related out of pocket expenses. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company.

No person has been authorized to give any information or to make any representation other than as contained in this Information Circular in connection with the solicitation of proxies. If given or made, such information or representations must not be relied upon as having been authorized by the Company. The delivery of this Information Circular shall not create, under any circumstances, any implication that there has been no change in the information set forth herein since the date of this Information Circular. This Information Circular does not constitute the solicitation of a proxy by anyone in any jurisdiction in which such solicitation is not authorized, or in which the person making such solicitation is not qualified to do so, or to anyone to whom it is unlawful to make such an offer of solicitation.

##### Appointment of Proxy

Registered shareholders are entitled to vote at the Meeting. A shareholder is entitled to one vote for each common share that such shareholder holds on the record date of **June 22, 2016** (the "**Record Date**") on the resolutions to be voted upon at the Meeting, and any other matter to come before the Meeting.

The persons named as proxyholders (the "**Designated Persons**") in the enclosed form of proxy are directors and/or officers of the Company.

**A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR OR ON BEHALF OF THAT SHAREHOLDER AT THE MEETING, OTHER THAN THE DESIGNATED PERSONS NAMED IN THE ENCLOSED FORM OF PROXY.**

**TO EXERCISE THE RIGHT, THE SHAREHOLDER MAY DO SO BY STRIKING OUT THE PRINTED NAMES AND INSERTING THE NAME OF SUCH OTHER PERSON AND, IF DESIRED, AN ALTERNATE TO SUCH PERSON, IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY. SUCH SHAREHOLDER SHOULD NOTIFY THE NOMINEE OF THE APPOINTMENT, OBTAIN THE NOMINEE'S CONSENT TO ACT AS PROXY AND SHOULD PROVIDE INSTRUCTION TO THE NOMINEE ON HOW THE SHAREHOLDER'S COMMON SHARES SHOULD BE VOTED. THE NOMINEE SHOULD BRING PERSONAL IDENTIFICATION TO THE MEETING.**

In order to be voted, the completed form of proxy must be received by the Company's registrar and transfer agent, Computershare Investor Services Inc. (the "**Transfer Agent**") at their offices located at 100 University Ave, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, by mail or fax, at least 48 hours (excluding Saturdays, Sundays and holidays recognized in the Province of Ontario and British Columbia) prior to the scheduled time of the Meeting, or any adjournment or postponement thereof. Alternatively, the completed form of proxy may be delivered to the chairman of the Meeting on the day of the Meeting, or any adjournment or postponement thereof, prior to the commencement of the Meeting or any adjournment or postponement thereof.

A proxy may not be valid unless it is dated and signed by the shareholder who is giving it or by that shareholder's attorney-in-fact duly authorized by that shareholder in writing or, in the case of a corporation, dated and executed by a duly authorized officer or attorney-in-fact for the corporation. If a form of proxy is executed by an attorney-in-fact for an individual shareholder or joint shareholders, or by an officer or attorney-in-fact for a corporate shareholder, the instrument so empowering the officer or attorney-in-fact, as the case may be, or a notarially certified copy thereof, must accompany the form of proxy.

#### **Revocation of Proxies**

A shareholder who has given a proxy may revoke it at any time before it is exercised by an instrument in writing: (a) executed by that shareholder or by that shareholder's attorney-in-fact authorized in writing or, where the shareholder is a corporation, by a duly authorized officer of, or attorney-in-fact for, the corporation; and (b) delivered either: (i) to the Company at the address set forth above, at any time up to and including the last business day preceding the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (ii) to the chairman of the Meeting prior to the vote on matters covered by the proxy on the day of the Meeting or, if adjourned or postponed, any reconvening thereof, or (iii) in any other manner provided by law. Also, a proxy will automatically be revoked by either: (i) attendance at the Meeting and participation in a poll (ballot) by a shareholder, or (ii) submission of a subsequent proxy in accordance with the foregoing procedures. A revocation of a proxy does not affect any matter on which a vote has been taken prior to any such revocation.

#### **Voting of Common Shares and Proxies and Exercise of Discretion by Designated Persons**

A shareholder may indicate the manner in which the Designated Persons are to vote with respect to a matter to be voted upon at the Meeting by marking the appropriate space. If the instructions as to voting indicated in the proxy are certain, the Common Shares represented by the proxy will be voted or withheld from voting in accordance with the instructions given in the proxy. **The Common Shares represented by a proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.**

**IF NO CHOICE IS SPECIFIED IN THE PROXY WITH RESPECT TO A MATTER TO BE ACTED UPON, THE PROXY CONFERS DISCRETIONARY AUTHORITY WITH RESPECT TO THAT MATTER UPON THE DESIGNATED PERSONS NAMED IN THE FORM OF PROXY. IT IS**

**INTENDED THAT THE DESIGNATED PERSONS WILL VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to other matters which may properly come before the Meeting, including any amendments or variations to any matters identified in the Notice, and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company is not aware of any such amendments, variations, or other matters to come before the Meeting.

In the case of abstentions from, or withholding of, the voting of the Common Shares on any matter, the Common Shares that are the subject of the abstention or withholding will be counted for determination of a quorum, but will not be counted as affirmative or negative on the matter to be voted upon.

**ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information set out in this section is of significant importance to those shareholders who do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this Information Circular as “Beneficial Shareholders”) should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting.** If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder’s broker or an agent of that broker. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate person well in advance of the Meeting.

The Company does not have access to names of Beneficial Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its 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 form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the Form of Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge typically prepares a special voting instruction form, mails this form to the Beneficial Shareholders and asks for appropriate instructions regarding the voting of Common Shares to be voted at the Meeting. Beneficial Shareholders are requested to complete and return the voting instructions to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free number and access Broadridge’s dedicated voting website (each as noted on the voting instruction form) to deliver their voting instructions and to vote the Common Shares held by them. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge voting instruction form cannot use that form as a proxy to vote Common Shares directly at the Meeting – the voting instruction form must be returned to Broadridge well in advance of the Meeting in order to have its Common Shares voted at the Meeting.**

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 broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend at 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 instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Alternatively, a Beneficial Shareholder may request in writing that his or her broker send to the Beneficial Shareholder a legal proxy which would enable the Beneficial Shareholder to attend at the Meeting and vote his or her Common Shares.

All references to shareholders in this Information Circular are to registered shareholders, unless specifically stated otherwise.

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

Except as disclosed elsewhere in this Information Circular, no director or executive officer of the Company who was a director or executive officer since the beginning of the Company's last financial year, each proposed nominee for election as a director of the Company, or any associate or affiliates of any such directors, executive officers or nominees, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company is authorized to issue an unlimited number of Common Shares without par value. As of the Record Date, determined by the board of directors (the "**Board**") to be the close of business on **June 22, 2016** a total of **113,892,309** Common Shares were issued and outstanding. Each Common Share carries the right to one vote at the Meeting.

Only registered shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting.

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company, other than as set forth below:

<b>Name of Shareholder</b>	<b>Number of Common Shares Owned</b>	<b>Percentage of Outstanding Common Shares<sup>1,3</sup></b>
Larry Edward Seeley. <sup>2</sup>	25,964,533	22.8 %

<sup>1</sup> Based on 113,892,309 Common Shares issued and outstanding as of June 22, 2016, on an undiluted basis.

<sup>2</sup> 22,015,815 of the 25,964,533 common shares above are held by 1514341 Ontario Inc., a company controlled by Mr. Seeley, with the remaining 3,948,718 common shares held by certain members of Mr. Seeley's family.

<sup>3</sup> The information as to common share beneficially owned, controlled or directed, not being within the knowledge of the Company, has been obtained by the Company from publically disclosed information and/or furnished by the shareholder listed above.

### **RECEIPT OF FINANCIAL STATEMENTS**

The Board will place before the Meeting the audited financial statements for the financial year ended December 31, 2015 together with the auditors' reports thereon.

### **NUMBER OF DIRECTORS**

At the Meeting, shareholders will be asked to pass an ordinary resolution to set the number of directors for the ensuing year at seven (7). The number of directors will be approved if the affirmative vote of the majority of Common Shares present or represented by proxy at the Meeting and entitled to vote are voted in favour to set the number of directors at seven (7).

**Management recommends the approval of an ordinary resolution to set the number of directors of the Company at seven (7).**

## ELECTION OF DIRECTORS

At present, the directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or with the provisions of applicable corporate legislation. The Company's current Board consists of Steven Williams, Sven Olsson, Victor Wells, John Barry, Jonathan Challis, Larry Seeley and Joachim Rainer.

Management of the Company proposes to nominate all of the current directors as further described in the table below, for election by the shareholders as directors of the Company, to hold office until the next annual meeting. Information concerning such persons, as furnished by the individual directors, is as follows:

Name, Province, Country of Residence and Position(s) with	Director Since	Present Principal Occupation, Business or Employment of each Director and Proposed Director During the Past Five Years	Number of Voting Securities of the Company Beneficially Owned or Controlled or Directed, Directly or Indirectly <sup>1</sup>
<p><b>Larry Edward Seeley</b></p> <p>Ontario, Canada</p> <p><i>Director</i></p>	November 13, 2014	Larry Seeley was from 1992 to 2004 President and CEO of Lakefield Research Limited, a major mining testing and consulting company. He was President and CEO of Recapture Metals from 2004 to 2012, a company with plants in Canada, USA and Germany producing high grade gallium, indium and rhenium. He also was 25 years with Falconbridge Limited in various Operations and Technology Roles from Manager of Falconbridge Sudbury Smelter, Manager of Metallurgical Technology to Vice-President.	25,964,533 <sup>2</sup>
<p><b>Steven Williams</b></p> <p>Ontario, Canada</p> <p><i>Chairman, Chief Executive Officer, President and Director</i></p>	March 28, 2010	Steven Williams has been President and Director of the Company since March 2010; Director of Equitas Resources Corp. June 2010 - Feb 2015. Mr. Williams worked with SGS Lakefield Research in Canada and Chile for 20 years in metallurgical, project and business management. He was Managing Director for SGS Canada.	7,101,750 <sup>3 5</sup>
<p><b>Sven Olsson</b><sup>4</sup></p> <p>Goeppingen Germany</p> <p><i>Director</i></p>	August 10, 2012	Businessman; Director of the Company since August 2012; Director of Zimtu Capital since May 2009; Director of Commerce Resources Corp. since May 2009.	2,500,818 <sup>6,4</sup>
<p><b>Victor Wells</b><sup>4</sup></p> <p>Ontario, Canada</p> <p><i>Director</i></p>	September 15, 2014	Mr. Wells currently serves as a director of Student Transportation Inc., and Contagious Gaming Inc. Mr. Wells has held Vice President Finance, Chief Financial Officer and senior financial positions with Chemtrade Logistics and Tahara Diamond Corporation. Previously Victor was a director of MagIndustries Corp., Northstar Healthcare Inc., TriNorth Capital Inc., GT Canada Medical Properties Inc, and Unique Broadband Systems Inc. and was Trustee for Canada Cartage Diversified Income Fund.	100,000 <sup>7,4</sup>

Name, Province, Country of Residence and Position(s) with the Company <sup>1</sup>	Periods during which Nominee has Served as a Director	Present Principal Occupation, Business or Employment of each Director and Proposed Director During the Past Five Years	Number of Voting Securities of the Company Beneficially Owned or Controlled or Directed, Directly or Indirectly <sup>1</sup>
<b>John Barry</b> <sup>4</sup>  County Kildare, Ireland  <i>Director</i>	September 23, 2014	Mr. Barry is a Chairman of Group Eleven Resources Limited, a private Irish zinc exploration Company. He was the CEO and Director of Rathdowney Resources Ltd. (TSX-V) until November, 2013 and he is currently Managing Director of Irus Consulting Ltd., an Irish registered geological consulting company.	655,000 <sup>8</sup>
<b>Jonathan Challis</b> <sup>4</sup>  Kent, United Kingdom  <i>Director</i>	September 23, 2014	A retired Mining Engineer. He is a Director of Explor Resources Inc. - since July 2013; Goldbelt Empires (formerly Quartet Resources Limited) – since Sept. 2012; Rye Patch Gold Corp. – since March 2007; WAI Capital Investments Corp. - since May 2011 and Canex Energy Corp. since February 2015; Orinco Gold Limited – since June 2015.	Nil <sup>9, 4</sup>
<b>Joachim Rainer</b>  Judenburg, Austria  <i>Director</i>	November 13, 2014	Businessman, founder and managing director of Rainer BeteiligungsgesmbH where he is responsible for sourcing projects, structuring companies and investments, and business development for upcoming and innovative companies. Since 2005, Mr. Rainer has developed connections within European and Turkish financial companies' network.	5,600,000 <sup>10</sup>

<sup>1</sup> The information as to country of residence and principal occupation, and Common Shares beneficially owned or over which a director exercises control or direction, as at June 22, 2016, not being within the knowledge of the Company, has been furnished by the respective nominees as at the date of this Information Circular.

<sup>2</sup> 1514341 Ontario Inc., which holds 22,015,815 common shares is a company controlled by Mr. Seeley and 3,948,718 of the shares reported above are held indirectly by family members. Mr. Seeley holds 7,213,658 warrants and 100,000 stock options which are exercisable into Common shares and are not included in the total above.

<sup>3</sup> Of Mr. Williams' shares the 7,101,750 shares reported, 470,000 are held by 7312067 Canada Ltd. a company controlled by Mr. Williams.

<sup>4</sup> Member of the Audit Committee

<sup>5</sup> Mr. Williams holds 175,000 warrants and 600,000 stock options which are exercisable into Common Shares which are not included in the total.

<sup>6</sup> Mr. Olsson holds 1,075,000 warrants and 300,000 stock options which are exercisable into Common shares and are not included in the total.

<sup>7</sup> Mr. Victor Wells holds 50,000 warrants and 200,000 stock options exercisable into Common shares and are not included in the above total.

<sup>8</sup> Mr. John Barry holds 200,000 stock options exercisable into Common shares and are not included in the above total.

<sup>9</sup> Mr. Jonathan Challis holds 100,000 stock options exercisable into Common shares and are not included in the above total.

<sup>10</sup> Rainer BeteiligungsgesmbH, a company controlled by Mr. Rainer which holds 3,200,000 Common Shares and 70,000 warrants; Mr. Rainer also holds 125,000 warrants and 100,000 stock options exercisable into Common shares and are not included in the total.

The term of office of those nominees set out above, who are presently directors, will expire as of the date of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the next annual general meeting or at such time when their successors are duly elected or

appointed in accordance with the Company's Articles, or with the provisions of applicable corporate legislation or until such director's earlier death, resignation or removal.

**Management recommends the approval of each of the nominees listed above for election as directors of the Company for the ensuing year.**

Management does not contemplate that any of its nominees will be unable to serve as directors. If any vacancies occur in the slate of nominees listed above before the Meeting, then the Designated Persons intend to exercise discretionary authority to vote the Common Shares represented by proxy for the election of any other persons as directors.

**Orders**

No proposed director of the Company is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer except as noted below:

While Mr. Wells was a director of TriNorth Capital Inc. was subject to a management cease trade order as a result of not filing its financial statements and MD&A for the periods ending December 31, 2009 and March 31, 2010 within the required time frames. Such financial statements and MD&A were subsequently filed and the management cease trade order is no longer in effect. Mr. Wells resigned from the Board of TriNorth on June 30, 2010.

Or

- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the above, "**order**" means:

- (a) a cease trade order;
- (b) an order similar to access trade order; or
- (c) an order that denied the relevant company access to any exemption and securities legislation that was in effect for a period of more than 30 consecutive days.

**Bankruptcies**

No proposed director of the Company is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, except as disclosed below, a director or an executive officer of any company that, while the person was acting in that capacity, or within a year of that person ceasing to act in the capacity, become 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. Mr. Wells was a Director of Unique Broadband Systems Inc. ("UBS") from July 12, 2012 to May 4, 2015. UBS had filed for protection from its creditors under CCAA on July 5, 2011.

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

The above information was provided by individual directors and officers of the Company.

### **Penalties or Sanctions**

No proposed director of the Company 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 security-holder in deciding whether to vote for a proposed director.

The above information was provided by individual directors of the Company.

### **EXECUTIVE COMPENSATION**

For the purpose of this Information Circular:

“CEO” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“CFO” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

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

- (a) a CEO;
- (b) a CFO;
- (c) each of the Company’s three most highly compensated executive officers, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 for that financial year, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; or
- (d) any individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or any of its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

During the period ended December 31, 2015, the end of the most recently completed financial period of the Company, the Company had three NEO’s, namely Steven Williams as Chief Executive Officer and Jody Bellefleur, as Chief Financial Officer (CFO), who resigned on December 31, 2015 and was subsequently replaced by Cindy Davis who was appointed on January 1, 2016.

### **Compensation Discussion and Analysis**

The Company’s compensation policies are designed to be competitive with similar companies and to recognize and reward executive performance consistent with the success of the Company. These policies are intended to attract and retain capable and experienced people.

The Company has a Compensation Committee consisting of Larry Seeley (Chair), Steven Williams, and Victor Wells. The disinterested members of the committee meet on an as needed basis and report back to the board with the committee recommendations.

The Company is a junior mineral exploration company and trades on the Canadian Securities Exchange (“CSE”). The Company’s resources and capital are limited. At this time, the Company has no revenue from mineral producing operations and as a result, the Board of Directors has to consider not only the financial situation of the Company at the time of determining executive compensation but also the estimated financial situation of the Company in the mid to long term.



An element of executive compensation that is available to the Company is the granting of stock options to purchase common shares under the Company's Stock Option Plan. Stock options are issued to provide an incentive to participate in the long-term development of the Company and to increase Shareholder value. Executive officers and directors are not paid a salary and are reimbursed for expenses incurred in carrying out the business of the Company.

### **Risk Management Disclosure**

The Board of Directors has reviewed the elements of compensation of the Company to identify any risks arising from the Company's compensation policies and practices that could reasonably be expected to have a material adverse effect on the Company as well as the practices used to mitigate any such risks. The Board of Directors concluded that the compensation program and policies of the Company did not encourage its executives to take inappropriate or excessive risks. This assessment was based on a number of considerations, including, without limitation, the following: (i) the Company's compensation policies and practices are generally uniform throughout the organization; (ii) in exercising its discretion under its compensation policies the Board of Directors reviews individual and corporate performance taking into account the long-term interests of the Company; and (iii) the results of annual assessments of executives' goals, objectives and performance are reviewed and considered in awarding compensation.

### **Restrictions on Purchase of Financial Instruments**

Although the Company has not adopted a formal policy forbidding an NEO or director from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director, the Company is not aware of any NEO or director having entered into this type of transaction.

### **Share based and Option Based Awards**

Executive officers of the Company, as well as directors, employees and consultants, are eligible to participate in the Company's Stock Option Plan to receive grants of stock options. Individual stock options are granted by the Board of Directors as a whole and the size of the options is dependent on, among other things, each officer's level of responsibility, authority and importance to the Company and the degree to which such officer's long term contribution to the Company will be crucial to its long-term success.

The Board evaluates the number of options an officer has been granted, the exercise price of the options and the term remaining on those options when considering grants. Options are usually priced at the closing trading price of the Company's shares on the business day immediately preceding the date of grant and the current policy of the Board of Directors is that options expire five years from the date of grant.

### **Compensation Governance**

The Board, at this time has not adopted any specific policies or practices to determine the compensation for the Company's directors and officers, other than disclosed above. The Company has established a Compensation Committee consisting of Larry Seeley, Steven Williams, and Victor Wells. The disinterested members of the committee meet on an as needed basis and report back to the board with the committee recommendations.

### **Summary Compensation Table**

During the period ended December 31, 2015, the Company had two NEO's. The following table sets forth all direct and indirect compensation for, and in connection with, services provided to the Company and its subsidiary for the last three financial years. Particulars of compensation paid to the NEO's in the most recently completed financial year is set out in the summary compensation table below:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Steven Williams, <sup>(1)</sup> CEO, President	2015	Nil	Nil	Nil	Nil	\$96,000	\$96,000
	2014	Nil	Nil	\$43,806 <sup>(3)(4)</sup>	Nil	\$96,000	\$139,806
	2013	Nil	Nil	Nil	Nil	\$96,000	\$96,000
Jody Bellefleur, Chief Financial Officer	2015	Nil	Nil	\$5,948 <sup>(5)</sup>	Nil	\$19,500	\$25,448
	2014	Nil	Nil	\$3,976 <sup>(3)(4)</sup>	Nil	\$15,225	\$19,201
	2013	Nil	Nil	Nil	Nil	\$20,195	\$20,195

(1) The Company paid consulting fees to GMT GeoMet Tech Ltd., a private company controlled by Steven Williams.

(2) The Company paid consulting fees to GeoReference Online Ltd., a private company controlled by Clinton Smyth.

(3) The fair value of each option at the date of grant was estimated using the Black-Scholes option pricing model to be consistent with the audited financial statements and included the following assumptions: expected volatility of 131% (based on the historical price history of the Company's common shares) risk-free interest rate 1.60%, dividend yield of 0% and an expected life of 5 years.

(4) The fair value of each option at the date of grant was estimated using the Black-Scholes option pricing model to be consistent with the audited financial statements and included the following assumptions: expected volatility of 123% (based on the historical price history of the Company's common shares) risk-free interest rate 1.37%, dividend yield of 0% and an expected life of 5 years.

(5) The fair value of each option at the date of grant was estimated using the Black-Scholes option pricing model to be consistent with the audited financial statements and included the following assumptions: expected volatility of 113% (based on the historical price history of the Company's common shares) risk-free interest rate 1.02%, dividend yield of 0% and an expected life of 5 years.

## Narrative Discussion

Effective February 1, 2012 the Company entered into a consulting agreement with GMT GeoMet Tech Ltd., a company controlled by Steven Williams, for a fee of \$8,000 per month for a period of 12 months and will continue until terminated in accordance with the termination provisions in the agreement. See Termination and Change of Control Benefits below for further details.

## Incentive Plan Awards

Stock options are issued to provide an incentive to participate in the long-term development of the Company and to increase Shareholder value. The Company has a stock option plan (the "Stock Option Plan") in place for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

During the most recently completed financial year, on May 8, 2015 there were 190,000 incentive stock options were granted to officers and a consultant of the Company. The options are exercisable at \$0.14 per common share for a 5 year period.

The following table details all Options-based Awards issued to the NEO's :

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Steven Williams	300,000	\$0.10	March 17, 2019	Nil
	300,000	\$0.14	December 19, 2019	Nil
Jody Bellefleur	75,000	\$0.10	March 17, 2019	Nil
	75,000	\$0.14	May 8, 2020	Nil

<sup>(1)</sup>The closing price of the common shares on December 31, 2015 was \$0.055.

The Company does not have any Incentive Plan Awards issued to the Named Executive Officers.

### Defined Contribution, Deferred Compensation and Pension Plans

The Company does not have any defined contribution, deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

### Termination and Change of Control Benefits

The Company has entered into a consulting agreement with a company related to Steven Williams, see Narrative Discussion above. The contract may be terminated by the consultant by providing 90 days written notice to the Company. The Company may terminate the consulting agreement by providing 30 days written notice and a lump sum payment equal to 12 months fee (\$96,000). The Company may terminate the agreement with cause immediately, with no further payment due to the consultant. In the event of a change of control, and with one or more triggering events, the agreement provides for the immediate vest of all stock options, 90 days from the date of the change of control to exercise all options, and the payment of a lump sum fee equal to 12 months fee equal to a total of \$96,000.

### Director Compensation

The Company currently has seven (7) directors, one of which is a Named Executive Officer. For a description of the compensation paid to the Company's Named Executive Officers who also act as directors, see "Summary Compensation Table" above.

No cash compensation was paid to any director of the Company for their services as a director during the twelve months ended December 31, 2015. The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors, except for the granting from time to time of incentive stock options in accordance with the policies of the CSE.

Name	Fees Earned (\$)	Share-based Awards (\$) <sup>1</sup>	Option-based Awards (\$) <sup>2</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>3</sup>	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Sven Olsson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Victor Wells	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John Barry	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jonathan Challis	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Larry Seeley	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Joachim Rainer	Nil	Nil	Nil	Nil	Nil	Nil	Nil

<sup>1</sup> "Share-based Awards" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, Common Shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

<sup>2</sup> "Option-based Awards" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

<sup>3</sup> "Non-equity Incentive Plan Compensation" includes all compensation under an incentive plan or portion of an incentive plan that is not an equity incentive plan.

The Company did not issue any incentive stock options to the directors in 2015.

### Termination and Change of Control Benefits

The Company has no contract, agreement, plan or arrangement that provides for payments to directors, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in the director's responsibilities

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Company has in place is the 2015 Stock Option Plan, which was approved by the shareholders at the annual general meeting of shareholders held on July 22, 2015. The Stock Option Plan does not require shareholder re-approval this year. The 2015 Stock Option Plan was established to assist the Company in attracting, retaining and motivating directors, executive officers, employees and consultants and to closely align the personal interests of those people with those of shareholders. The Board administers the Stock Option Plan. The Stock Option Plan provides that the Company may grant options, under option agreements and in accordance with the policies of the CSE. Detailed information on the Stock Option Plan can be found under "Executive Compensation".

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 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 (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	3,290,000	\$0.12	6,789,230
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	<b>3,290,000</b>	<b>\$0.12</b>	<b>6,789,230</b>

A copy of the Stock Option Plan is available for review at the office of the Company at 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada M5C 2C5 during normal business hours up to and including the date of the Meeting.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the last completed fiscal year, no director, executive officer, senior officer or nominee for director of the Company or any of their associates has been indebted to the Company or any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support in agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, no informed person of the Company nor any associate or affiliate of any informed person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company.

**"Informed person"** means

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution of it; and
- (d) the Company has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

## APPOINTMENT OF AUDITOR

Shareholders will be asked to approve the re-appointment of MNP LLP, as auditor for the Company to hold office until the next annual general meeting of the shareholders, at a remuneration to be fixed by the directors.

**Management recommends that shareholders vote in favour of the appointment of MNP LLP, as the Company's auditors for the Company's fiscal year ending December 31, 2016 at remuneration to be fixed by the Company's Board.**

## CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices (NI 58-101)*, the Company is required to disclose its corporate governance practices with respect to the corporate governance guidelines adopted in NI 58-101. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Company's approach to corporate governance is set out in this Information Circular attached as Schedule A.

## AUDIT COMMITTEE

Under National Instrument 52-110 – *Audit Committees ("NI 52-110")*, venture issuers are required to provide certain disclosure with respect to their audit committee, including the text of the audit committee's charter, the composition of the audit committee and the fees paid to the external auditor. This information with respect to the Company is provided in Schedule B.

## **MANAGEMENT CONTRACTS**

Management functions of the Company are generally performed by directors and senior officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

## **OTHER MATTERS**

Other than the above, management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters that are not known to management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.Pasinex.com](http://www.Pasinex.com). To request copies of the Company's financial statements, shareholders can contact the Company at 416 861-9659 or by email at [info@pasinexresources.com](mailto:info@pasinexresources.com).

## **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Information Circular have been approved and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized by the Board of the Company.

DATED at Toronto, Ontario, as of the 22<sup>nd</sup> June 2016. BY ORDER

OF THE BOARD OF DIRECTORS

PASINEX RESOURCES LIMITED

***“Steven Williams”***

Steven Williams  
*Chairman, Chief Executive Officer, President and Director*

## SCHEDULE A CORPORATE GOVERNANCE DISCLOSURE

Corporate Governance is the process and structure used to direct and manage the business and affairs of an issuer with the objective of enhancing value for its owners. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”) of the Canadian Securities Administrators requires the Company to disclose in this Information Circular a summary of the corporate governance policies that the Company has in place.

### Board of Directors

Sven Olsson, Victor Wells, John Barry, Jonathan Challis and Joachim Rainer are independent directors of the Company.

Steven Williams is not an independent director as he is an executive officer of the Company and Larry Seeley is not an independent director as he is an insider of the Company.

### Directorships

Name of Director	Names of Other Reporting Issuers
Sven Olsson	Commerce Resources Corp. (TSXV-CCE) Zimtu Capital Corp. (TSXV-ZC)
Victor Wells	Student Transportation Inc. (TSX, NASDAQ) Contagious Gaming Inc. (TSX-V)
Jonathan Challis	Explor Resources Inc. (TSX-V) Goldbelt Empires Limited (TSX-V) Rye Patch Gold Corp. (TSX-V) WAI Capital Investments Corp. (TSX-V) Canex Energy Corp. (TSX-V) Orinoco Gold Limited (ASX)

### Orientation and Continuing Education

While the Company does not have formal orientation or training programs for new board members, new Board members are provided with full access to the Company's records, including all publicly filed documents of the Company, technical reports, internal financial information, management & technical experts and consultants and a summary of significant securities disclosure obligations. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars.

### Ethical Business Conduct

Corporate governance is the structure and process used to direct and manage the business and affairs of a corporation with the objective of enhancing shareholder value. The Board of Directors believes that the Company has in place corporate governance practices that are both effective and appropriate to the Company's size and its business operations.

### **Nomination of Directors**

The Board of Directors has the responsibility for identifying potential Board candidates. The Board assesses potential candidates to fill perceived needs on the Board for required skill, expertise, independence and other factors.

### **Compensation**

The Company has a Compensation Committee comprised of three directors Larry Seeley Chair, Steven Williams, and Victor Wells.

Compensation is determined by the Board of Directors and is based on the compensation paid for directors and senior officers of companies of a similar size and stage of development. The appropriate compensation reflects the need to provide incentive and compensation for the time and effort expended by the directors and its management while taking into account the financial and other resources of the Company.

### **Other Board Committees**

The Issuer has an Audit Committee comprised of three of the directors Victor Wells (Chair), Sven Olsson, and Jonathan Challis. The audit committee members are considered to be independent directors.

The Issuer has a Nominating and Corporate Governance Committee comprised of three directors Steven Williams (Chair), Larry Seeley, and Victor Wells.

### **Assessments**

The Board of Directors conducts informal annual assessments of the Board's effectiveness, its individual directors and its committees.



## **SCHEDULE B AUDIT COMMITTEE INFORMATION**

Pursuant to National Instrument 52-110 – Audit Committees (“NI 52-110”), the Company is required to include the following summary of the audit committee responsibilities, composition and authority. The Company’s Audit Committee is governed by an audit committee charter, the text of which follows:

*Mandate:* The primary function of the audit committee (the “Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. The Committee’s primary duties and responsibilities are to serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements, review and appraise the performance of the Company’s external auditor; and provide an open avenue of communication among the Company’s auditor, financial and senior management and the Board of Directors.

*Composition:* The Committee shall be comprised of a minimum three directors as determined by the Board of Directors. If the Company ceases to be a “venture issuer” (as that term is defined in NI 52-110), then all of the members of the Committee shall be free from any material relationship with the Company that, in the opinion of the Board of Directors, would interfere with the exercise of their independent judgment as a member of the Committee.

If the Company ceases to be a “venture issuer” then all members of the Committee shall also have accounting or related financial management expertise. For the purposes of the Company’s Audit Committee Charter, the definition of “financially literate” is 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 the issues that can reasonably be expected to be raised by the Company’s financial statements. The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

*Meetings:* The Committee shall meet a least once annually, or more frequently as circumstances dictate or as may be prescribed by securities regulatory requirements. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditor.

*Responsibilities and Duties:* To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review: review and update the Audit Committee Charter annually and review the Company’s financial statements, management discussion and analysis and any annual and interim earnings press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditor.
2. External Auditor:
  - (a) review annually, the performance of the external auditor who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company;

- (b) obtain annually, a formal written statement of external auditor setting forth all relationships between the external auditor and the Company and review and discuss with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor;
- (d) take, or recommend that the Board of Directors take, appropriate action to oversee the independence of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (e) recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditor nominated annually for shareholder approval and to recommend to the Board of Directors the compensation to be paid to the external auditor;
- (g) at each meeting, where desired, consult with the external auditor, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
- (i) review with management and the external auditor the audit plan for the year-end financial statements and review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditor during the fiscal year in which the non-audit services are provided,
    - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services, and
    - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

### 3. Financial Reporting Processes:

- (a) in consultation with the external auditor, review with management the integrity of the Company's financial reporting process, both internal and external;
- (b) consider the external auditor' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- (c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditor and management;

- (d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments;
  - (e) following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
  - (f) review any significant disagreement among management and the external auditor in connection with the preparation of the financial statements;
  - (g) review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented;
  - (h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
  - (i) review certification process;
  - (j) establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - (k) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
4. Other - review any related-party transactions, engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay compensation for any independent counsel and other advisors employed by the Committee.

*Composition of the Audit Committee:* The Company's audit committee is comprised of three directors, Victor Wells (Chair), Sven Olsson, and Jonathan Challis. Victor Wells, Sven Olsson, and Jonathan Challis are all independent as defined in NI 52-110. All of the audit committee members are "financially literate" as that term is defined in NI 52-110.

#### *Relevant Education and Experience*

Below are biographies of the Company's Audit Committee members:

Sven Olsson - Mr. Olsson has over ten years of experience in the resource investment and finance industry. From 2001 - 2008, Sven held the position of Director of Media and Corporate Communications for AXINO AG, a European consulting firm specializing in communications for companies in the resource sector. In his role with AXINO AG, Sven was responsible for investor relations and capital fundraising in Europe for numerous major and micro-cap resource-based companies in all phases of development. Mr. Olsson also serves on the Board of Directors for Commerce Resources Corp., and Zimtu Capital Corp.

Victor Wells - Mr. Wells is a member of the Ontario and British Columbia Institutes of Chartered Accountants, and was elected Fellow of ICABC in 1990 and of ICAO in 2006. He is Immediate Past Chair of the Canadian Financial Executives Research Foundation of Financial Executives International Canada. He has held increasingly senior finance positions during the past 20 years. He was Vice President, Finance and CFO of Chemtrade Logistics Income Fund from its IPO in July 2001 until 2006. From 1998 to 2001 he was Vice President, Finance and CFO of Tahera Diamond Corporation. Mr. Wells is currently a director of Student Transportation Inc. and Contagious Gaming Inc. He was formerly director and Chair of the Audit Committee of MagIndustries Inc., Northstar Healthcare Inc., GT Canada Medical Properties Inc. and Unique Broadband Systems Inc. Formerly he was a director and Audit Committee member of TriNorth Capital Inc. and was Trustee and chaired the Audit Committee of Canada Cartage Diversified Income Fund. Mr. Wells was a member of the Accounting Standards Board from 1991 to 1995 and obtained his Institute of Corporate Directors designation in 2007. This experience has ensured that Mr. Wells has developed an understanding of accounting principles and internal and disclosure controls sufficient to ensure financial literacy.

Jonathan Challis – Mr. Challis is a mining Engineer with over 30 years' experience in the operation, financing and analysis of mining projects around the world. He has an honors degree in Mineral Exploitation from University College, Cardiff and an MBA degree from Cranfield University. He has both the South African Metalliferous Mine Captain's and Mine Manager Certificates of Competency. He is a Fellow of the Institution of Materials, Minerals and Mining and a Chartered Engineer. Mr. Challis is currently Chairman of Rye Patch Gold Corp., a Director of WAI Capital Investments Corp., Expor Resources Inc., Goldbelt Empires Limited, Canex Energy Corp. and Orinoco Gold Limited. He is a member of the audit committee of Rye Patch and WAI. Mr. Challis is financially literate.

*Audit Committee oversight:* At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Company's Board of Directors.

*Reliance on Certain Exemptions:* At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

*Pre-approval Policies and Procedures:* The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services to the extent set forth in the Company's Audit Committee Charter (see under the heading "External Auditor").

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

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

<b>Financial Year</b>				
<b>Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2015	\$37,000	Nil	Nil	Nil
December 31, 2014	\$28,000	Nil	Nil	\$5,000

*Exemption:* The Company is a venture issuer and as such, is relying on section 6.1 of NI 52-110 which provides that a venture issuer is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.