

RED EAGLE EXPLORATION LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (the “**Meeting**”) of the shareholders of Red Eagle Exploration Limited (“**Red Eagle Exploration**” or the “**Company**”) will be held at 2348 – 666 Burrard Street, Vancouver, British Columbia, on the 1st day of June, 2017 at 10:00 am (Pacific time) for the following purposes:

1. To receive and consider the audited financial statements of the Company for the fiscal year ended December 31, 2016, together with the auditor’s report thereon.
2. To fix the number of Directors for the ensuing year at four (4).
3. To elect Directors of the Company for the ensuing year.
4. To appoint PricewaterhouseCoopers LLP, Chartered Professional Accountants, as auditor of the Company for the ensuing year and to authorize that the auditor’s remuneration be fixed by the Board of Directors.
5. To consider and, if deemed advisable, pass an ordinary resolution approving the Company’s Stock Option Plan.
6. To transact such business as may properly come before the Meeting or any adjournment thereof.

The record date for the Meeting is April 27, 2017. The record date is the date for the determination of the Registered Shareholders of Common Shares entitled to receive notice of, and to vote at, the Meeting and any adjournment or postponement thereof.

This notice is accompanied by a management information circular (“**Circular**”) and either a form of proxy or a voting instruction form. If previously requested, a copy of the audited consolidated financial statements and management’s discussion and analysis (“**MD&A**”) of the Company for the year ended December 31, 2016 will also accompany this notice. Copies of Red Eagle Exploration’s annual and interim financial statements and MD&A are also available under Red Eagle Exploration’s profile on SEDAR at www.sedar.com and on our website at www.redeaglex.com.

We value your opinion and participation in the Meeting as a Shareholder of Red Eagle Exploration. Please review the accompanying Circular before voting as it contains important information about the Meeting. It is important that you exercise your vote, either in person at the Meeting, by telephone, on the internet or by completing and returning the enclosed form of proxy or voting instruction form. Any questions regarding voting your shares should be directed to our proxy solicitation agent Broadridge Investor Communication Solutions (“**Broadridge**”). Any proxies to be used or acted on at the Meeting must be deposited with Red Eagle Exploration’s transfer agent by 10:00 am (Pacific time) on May 30, 2017, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned or postponed Meeting.

DATED at Vancouver, British Columbia, this 5th day of May, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

RED EAGLE EXPLORATION LIMITED

“Ian Slater”

Ian Slater, Chairman and Chief Executive Officer

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RED EAGLE EXPLORATION LIMITED

MANAGEMENT INFORMATION CIRCULAR
(containing information as at May 2, 2017)

PART ONE – VOTING INFORMATION

SOLICITATION OF PROXIES

This Circular is furnished in connection with the solicitation by the management of Red Eagle Exploration Limited (“**Red Eagle Exploration**” or the “**Company**”) of proxies to be voted at the Annual General Meeting (the “**Meeting**”) of shareholders of the Company (the “**Shareholders**”) to be held on Thursday, June 1, 2017 at the time and place and for the purposes set forth in the accompanying Notice of Annual General Meeting. The solicitation will be primarily by mail, but may also be by telephone or verbal communication by the regular officers and employees of the Company. The cost of solicitation of proxies will be borne by the Company. The Company will also pay the fees and costs of intermediaries for their services in transmitting proxy related material to non-registered Shareholders in accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”).

APPOINTMENT AND REVOCATION OF PROXIES

There are two (2) ways you can vote your common shares if you are a Registered Shareholder (as defined hereunder). You may vote in person at the Meeting or you may sign the enclosed proxy (the “**Proxy**”) appointing the designated persons or some other person you choose, who need not be a shareholder, to represent you as proxyholder and vote your shares at the Meeting.

If you are a Registered Shareholder with the transfer agent and plan to attend the Meeting to vote your common shares in person at the Meeting, do not complete or return the Proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent on Thursday, June 1, 2017, upon arrival at the Meeting.

The Company’s articles of incorporation provide that a proxy or an instrument appointing a duly authorized representative of a corporation shall be in writing, under the hand of the appointer or his duly authorized agent in writing, or if such appointer is a corporation, either under its seal or under the hand of an officer or agent duly authorized for that purpose.

The persons designated as proxyholders in the proxy are Mr. Ian Slater, Chairman and Chief Executive Officer (“**CEO**”) of the Company and Mr. Robert Bell, a Director of the Company. A Shareholder has the right to appoint a person, who need not be a shareholder, to represent the Shareholder at the Meeting, other than the person or persons named in the proxy provided by the Company. To exercise this right, the Shareholder must either insert the name of the desired proxyholder in the blank space provided in the proxy and strike out the names printed therein, or complete and submit another proxy. The Proxy will not be valid unless it is deposited at the offices of the Company’s registrar and transfer agent, Computershare, 100 University Ave., 8th Floor, North Tower, Toronto, ON, M5J 2Y1, no later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) preceding the time of the Meeting or any adjournment thereof. The instrument of Proxy must be signed by the Shareholder or by his attorney in writing, or, if the Shareholder is a company, it must either be under its common seal or signed by a duly authorized officer.

A Shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal, or signed by a duly authorized officer and deposited at the Company’s Registrar and Transfer Agent, Computershare, 100 University Ave., 8th Floor, North Tower, Toronto, ON, M5J 2Y1, at any time up to not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting, or any adjournment of it, at which the proxy is to be used. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

These security holder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, 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.

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

Common Shares represented by Proxy are to be voted for, against or withheld from voting on any ballot by the proxyholder named in the enclosed Proxy in accordance with the instructions of the Shareholder. The directors who are soliciting the Proxy agree to respect the instructions given by the shareholder in the Proxy. **IN THE ABSENCE OF ANY INSTRUCTION IN THE PROXY, THE SHARES WILL BE VOTED IN FAVOR OF THE ADOPTION OF THE MOTIONS TO BE PROPOSED AT THE MEETING AS SPECIFIED IN THIS INFORMATION CIRCULAR.**

The instrument of proxy enclosed, when properly signed, also confers discretionary authority with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing this Circular, the executive management of the Company (“**Management**”) is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the Management should properly come before the Meeting, the proxies hereby solicited will be voted on such matters in accordance with the best judgment of the nominee.

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an “**Ordinary Resolution**”) unless the motion requires a Special Resolution, in which case a majority of not less than 66²/₃% of the votes cast will be required.

ADVICE TO BENEFICIAL SHAREHOLDERS

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

Regulatory polices require brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The various brokers and other intermediaries have their own mailing **procedures** and provide their own return instructions to clients, which should be carefully followed by the Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form requesting such voting instructions (a “**VIF**”) supplied to the Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Proxy provided directly to the registered shareholders by the Company, however, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge in Canada. Broadridge typically prepares a machine-readable VIF, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge (by way of mail, the Internet or telephone). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder cannot use a VIF to vote common shares directly at the Meeting. The VIF must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) or other third party in accordance with the instructions on the VIF well in advance**

of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Although a Beneficial Shareholder may not be recognized directly at a Meeting for the purposes of voting common shares registered in the name of their broker, a Beneficial Shareholder may attend the Meeting as Proxyholder for the registered shareholder and vote the common shares in that capacity. **Beneficial Shareholders wishing to attend the Meeting and indirectly vote their common shares as Proxyholder for the registered shareholder, should enter their own names in the blank space on the VIF provided to them and return it in accordance with the instructions provided by such party on the VIF.**

RECORD DATE, VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of an unlimited number of common shares (“**Common Shares**”) and an unlimited number of preferred shares having attached thereto the special rights and restrictions as set forth in the Articles of the Company. On April 27, 2017 (the “**Record Date**”). Each Registered Shareholder on the Record Date will be entitled to vote at the Meeting or any adjournment or postponement thereof. As at the close of business on May 2, 2017, 367,686,933 Common Shares were issued and outstanding, each share carrying the right to one vote. No preferred shares have been issued. The Company has no other classes of voting shares.

Any shareholder of record at the close of business on the Record Date who either personally attends the Meeting or who has completed and delivered a Proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such shareholder's shares voted at the Meeting. Under the Articles of the Company, the quorum for the transaction of business at the Meeting is two individuals who are shareholders, proxy holders representing shareholders or duly authorized representatives of corporate shareholders personally present and representing Common Shares aggregating not less than 5% of the issued Shares of the Company carrying the right to vote at that meeting.

To the knowledge of the directors and officers of the Company, as of the Record Date, only the following beneficially own, or control or direct, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares:

Name of Shareholder	Number of Common Shares	Percentage of Issued and Outstanding
Red Eagle Mining Corporation	331,053,614	90% ⁽¹⁾

The above information was supplied by the Registrar and Transfer Agent and Management for the Company.

Notes:

(1) On April 19, 2017, the Company announced that it will be issuing up to 133,333,333 Units at a price of \$0.15 per Unit (the “**Offering**”). Each Unit will consist of one common share and one common share purchase warrant of the Company. Red Eagle Mining Corporation’s percentage of issued and outstanding Shares of the Company is expected to decrease depending on the amount of Shares issued pursuant to the Offering. Closing of the Offering is expected to occur on or about May 12, 2017.

PART TWO – MATTERS TO BE ACTED UPON AT THE MEETING

FINANCIAL STATEMENTS

The audited financial statements of the Company as at and for the year ended December 31, 2016 (the “**Financial Statements**”), together with the Auditor's Report thereon, will be presented to Shareholders at the Meeting. The Financial Statements, together with the Auditor's Report thereon and the Company's Management Discussion and Analysis, were mailed only to those Shareholders on the supplemental mailing list maintained by the Company's registrar and transfer agent. Copies of the Financial Statements, together with the Auditor's Report thereon and the Company's Management Discussion and Analysis, Notice of Meeting, Circular and Proxy are available on Red Eagle Exploration’s website at www.redeaglex.com and on the SEDAR website at www.sedar.com.

ELECTION OF DIRECTORS

Management proposes, and the persons named in the accompanying form of proxy intend to vote in favour of, fixing the number of Directors at four (4). Although Management is nominating four (4) individuals to stand for election (“**Nominees**”), the names of further nominees for Directors may come from the floor at the Meeting. The proposed nominees in the list that follows are, in the opinion of management, well qualified to direct the Company’s activities for the ensuing year and have confirmed their willingness to serve as directors, if elected. The term of office of each director elected will be until the next annual meeting of the Shareholders of the Company or until his or her successor is elected or appointed, unless his or her office is earlier vacated, in accordance with the Articles of the Company and the provisions of the *Business Corporations Act* (British Columbia).

Unless the proxy specifically instructs the proxyholder to withhold such vote, Common Shares represented by the proxies hereby solicited shall be voted FOR the election of the nominees whose names are set forth below. If, prior to the Meeting, any of the listed Nominees shall become unavailable to serve, the persons designated in the proxy form will have the right to use their discretion in voting for a properly qualified substitute. Management does not contemplate presenting for election any person other than these Nominees.

The Board has adopted an Advance Notice Policy for the nomination of directors in certain circumstances. A copy of the Advance Notice Policy is available upon request from the Company’s Corporate Secretary. As of the date of this Circular, the Company has not received notice of any director nominations in connection with the Meeting.

The Board has adopted a Majority Voting Policy which stipulates that if a Nominee receives a greater number of votes “withheld” from his or her election than votes “in favour” of his or her election, the Nominee will submit his or her resignation promptly after such meeting (to take effect upon acceptance by the Board) for consideration by the Corporate Governance and Compensation Committee. After reviewing the matter, the Corporate Governance and Compensation Committee will make a recommendation to the Board, and the Board’s subsequent decision will be publicly disclosed with reasons for its decision in the event the Board declines to accept the resignation. The Nominee will not participate in any Corporate Governance and Compensation Committee or Board deliberations regarding the resignation offer. The Majority Voting Policy does not apply in circumstances involving contested director elections. A copy of the Majority Voting Policy is available upon request from the Company’s Corporate Secretary.

We expect all of our directors to demonstrate leadership and integrity and to conduct themselves in a manner that reinforces our corporate values and culture of transparency, teamwork and individual accountability. Above all, we expect that all directors will exercise their good judgment in a manner that keeps the interests of shareholders at the forefront of decisions and deliberations. Each candidate must have a demonstrated track record in several of the skills and experience requirements deemed important for a balanced and effective Board.

Name, Residence ⁽¹⁾	Principal Occupation ⁽¹⁾	Director Since	Common Shares Held or Controlled⁽²⁾⁽³⁾
Ian Slater ⁽⁴⁾ British Columbia, Canada	Chief Executive Officer of Red Eagle Mining Corporation	November 6, 2015	0
Robert Bell ⁽⁴⁾⁽⁵⁾⁽⁶⁾ British Columbia, Canada	Director	April 1, 2017	0
Leo Hathaway ⁽⁵⁾⁽⁷⁾ British Columbia, Canada	Senior Vice President, Exploration of Lumina Gold Corp.	April 18, 2017	0
Ben Pullinger ⁽⁴⁾⁽⁵⁾⁽⁷⁾ Ontario, Canada	Vice President, Geology of Excellon Resources Inc.	April 18, 2017	0

Notes:

(1) The information as to country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.

- (2) *Common Shares beneficially owned or over which a director exercises control or direction. The information not being within the knowledge of the Company, has been furnished by the respective directors individually.*
- (3) *As at the date of this Circular, Red Eagle Mining (“Red Eagle Mining”) currently holds 331,053,614 common shares of the Company, representing a 90% interest in the Company. Mr. Slater is the CEO and Chairman of the Board of Red Eagle Mining and as at the date of this Circular directly holds 3,100,000 common shares of Red Eagle Mining. Mr. Bell is a Director of Red Eagle Mining and as at the date of this Circular directly holds 3,013,333 common shares of Red Eagle Mining.*
- (4) *Denotes member of the Company’s current Interim Audit Committee. For further discussion relating to the Interim Audit Committee, see Schedule “A” to this Circular.*
- (5) *Denotes member of Corporate Governance and Compensation Committee.*
- (6) *Mr. Bell was appointed to the Board of Directors of the Company on April 1, 2017.*
- (7) *Messrs. Hathaway and Pullinger were appointed to the Board of Directors of the Company on April 18, 2017.*

Cease Trade Orders, Bankruptcies and Penalties and Sanctions

No proposed director of the Company is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company), that:

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

No proposed director of the Company:

- (a) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

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.

APPOINTMENT AND REMUNERATION OF AUDITORS

PricewaterhouseCoopers LLP, Chartered Professional Accountants, will be nominated at the Meeting for appointment as independent auditors of the Company and remuneration to be fixed by the Board of Directors. PricewaterhouseCoopers replaced the Company’s former independent auditors KPMG LLP, Chartered Professional Accountants, who resigned at the Company’s request on October 28, 2016.

Attached as Schedule “B” to this Circular is a Notice of Change of Auditor together with letters from PricewaterhouseCoopers and KPMG respecting the change of auditor pursuant to section 4.11 of National Instrument 51-

Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted FOR the appointment of PricewaterhouseCoopers LLP, Chartered Professional Accountants, of Vancouver, British Columbia, as the auditor of the Company for the ensuing year and the authorization of the Board of Directors to fix the remuneration of the auditor.

APPROVAL OF THE STOCK OPTION PLAN

The Company has a “rolling” Stock Option Plan (the “**Stock Option Plan**”) pursuant to which the Board of Directors of the Company may, by resolution, grant options to Directors, officers and employees of, and consultants to, the Company or its subsidiaries. The purpose of the Stock Option Plan is to provide effective long-term incentives to such parties in order to align their interests with those of Shareholders.

Red Eagle Exploration’s “rolling” Stock Option Plan was originally adopted by the Board on May 4, 2016. A copy of the Option Plan is available under the Company’s profile on SEDAR at www.sedar.com, or from the Company upon request. Pursuant to the policies of the TSX Venture Exchange (the “**TSX-V**”), all stock option plans that reserve for issuance up to 10% (instead of a fixed number) of a listed company’s Shares need to be approved by its shareholders on an annual basis. The rules of the TSX-V require that the Option Plan be approved by an ordinary resolution passed by a majority of the votes cast by holder of Shares of the Company present or represented by proxy at the Meeting. At the Meeting, the Shareholders of the Company will be asked to vote to approve the “rolling” Option Plan.

The Board of Directors has the authority to determine the directors, officers, employees and consultants, to whom options will be granted, the number of options to be granted to each person and the price at which Shares may be purchased, subject to the terms and conditions set forth in the Option Plan.

Summary of the Option Plan

Key provisions of the Option Plan include:

- a) The maximum number of Shares issuable pursuant to options granted under the Option Plan will be a number equal to 10% of the issued and outstanding Shares on a non-diluted basis at any time;
- b) a restriction that, without disinterested shareholder approval, no more than 10% of the total number of issued and outstanding Shares may be issuable to insiders of the Company pursuant to options granted to insiders under the Option Plan, together with all of the Company’s other previously established and outstanding or proposed share compensation arrangements;
- c) a restriction that, without disinterested shareholder approval, no more than 10% of the total number of issued and outstanding Shares may be issued to insiders of the Company within a one year period pursuant to options granted to insiders under the Option Plan, together with all of the Company’s other previously established and outstanding or proposed share compensation arrangements;
- d) the exercise price per Share is to be determined by the Board provided that if the Shares become listed and posted for trading on the TSX-V, such exercise price is not less than the discounted market price on the date of grant of such options or such other minimum price as may be required by the TSX-V;
- e) the vesting period of all options shall be determined by the Board;
- f) options may be exercisable for a period of up to a maximum term of ten years, such period to be determined by the Board and the options are non-transferable;
- g) options held by employees who are terminated without cause are subject to an accelerated expiry term which requires that options held by those individuals expire on the earlier of: (1) the original expiry term of such options; (2) 30 days after the optionee ceases active employment or engagement with the Company; or (3) 30 days after the date of delivery of written notice of retirement, resignation or termination;
- h) options held by an individual who ceases to be employed by the Company for cause will terminate immediately; and

- i) options which expire unexercised or are otherwise cancelled will be returned to the Option Plan and may be made available for future option grant pursuant to the provisions of the Option Plan.

As of the date of this Circular, there are 20,055,000 stock options issued and outstanding under the Option Plan, representing 5.45% of the Company's issued and outstanding share capital. Accordingly, 16,713,699 Shares remain available for future stock option awards under the Option Plan, representing 4.55% of the Company's issued and outstanding share capital.

The Board may, from time to time, subject to applicable law and the prior approval, if required, of the TSX-V or any other applicable regulatory body, suspend, terminate, discontinue or amend the Option Plan.

Shareholder Approval

The rules of the TSX-V require that the Option Plan be approved by an ordinary resolution passed by a majority of the votes cast by holders of Shares of the Company present or represented by proxy at the Meeting.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to pass, with or without variation, the ordinary resolution in the form set forth below:

“BE IT RESOLVED THAT:

1. Subject to the approval of the TSX Venture Exchange and any other regulatory approvals, if so required, the Option Plan as described in the Circular of the Company dated May 5, 2017 and all unallocated entitlements issuable pursuant to the Option Plan are hereby approved and authorized for issuance until the date that is one year from the date of the Meeting; and
2. Any one Director or officer of the Company is authorized and directed on behalf of the Company to execute all documents and to do all such other acts and things as such Director or officer may determine to be necessary or advisable to give effect to the foregoing provisions of this resolution.”

The Board of Directors of the Company has determined that the Option Plan is in the best interest of the Company and its shareholders and recommends that shareholders of the Company vote FOR the resolution approving the Option Plan. Shares represented by a proxy given to management Designee's will be voted FOR the resolution approving the Option Plan, unless a shareholder has specified in his or her proxy that his or her Shares are to be voted against the resolution approving the Option Plan.

PART THREE – REPORT ON EXECUTIVE COMPENSATION

As at December 31, 2016, the end of the most recently completed financial year of the Company, the Named Executive Officers (or “NEO’s”) of the Company were Mr. Slater, CEO, and Mr. Chui Wong, Chief Financial Officer.

Compensation Discussion and Analysis

For the fiscal year ended December 31, 2016, the Corporate Governance and Compensation Committee (for the purposes of this section, the “**Compensation Committee**”) was responsible for ensuring an appropriate plan for executive compensation was in place and for making recommendations to the Board with respect to the compensation of the Company's executive officers. The Board ensures that total compensation paid to the NEO's is fair and reasonable and is consistent with the Company's compensation philosophy. This compensation philosophy is intended to ensure that executive compensation is reflective of prevailing market rates and is designed to create incentives to executive performance to achieve the Company's strategic objectives and increase the value to shareholders.

The Compensation Committee periodically reviews the compensation paid to the Company's Directors and executive officers and ensures that the total compensation paid to the NEO's is fair, reasonable and competitive with the industry and is consistent with the Company's compensation philosophy and are aligned with the Company's overall business objectives and with shareholders' interests.

The Compensation Committee is responsible for the review and assessment of compensation arrangements for the Company's executive officers and is authorized to approve terms of employment, salaries, bonuses, option grants and other incentive arrangements for the Company's executive officers, and, where appropriate, any severance arrangements. The Compensation Committee works in conjunction with the Company's CEO on the review and assessment of our executive officers in accordance with the Red Eagle Exploration's compensation policies and practices.

In addition to informal industry comparables from publicly available information, the Compensation Committee may consider a variety of factors when determining both compensation policies and programs, and individual compensation levels. These factors include the long-range interests of the Company and its shareholders, overall financial and operating performance of the Company and the Compensation Committee's assessment of each executive's individual performance and contribution toward meeting corporate objectives.

The Company's Compensation Committee and Board of Directors consider annually the risks associated with the Company's compensation policies and practices including such risks as the retention of qualified executive staff during an economic downturn in the market. The CEO meets with the Compensation Committee annually to review the risks and provide oversight of the Company's compensation policies and practices, discusses with the Compensation Committee any additional practices that the Company may use to identify and mitigate compensation policies and practices that could encourage an NEO or individual at a principle business unit or division to take inappropriate or excessive risks. The Company also maintains its current practice of having each NEO and employees annually review and sign off the Company's corporate policies and procedures, including anti-bribery and anti-corruption policies and procedures. As part of this annual review, the President and CEO discusses with the Compensation Committee any risks arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Due to the size of the Company and the current level of the Company's activity, the Board of Directors and the Compensation Committee are able to closely monitor and consider any risks which may be associated with the Company's compensation policy and practices. Risks, if any, may be identified and mitigated through regular Board meetings, during which financial and other information pertaining to the Company is reviewed, including executive compensation. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The Compensation Committee periodically reviews the Management development and succession program and the organizational structure for management of our operations. The Compensation Committee reports to the Board on the committee's functions and on the results of its reviews and any recommendations.

During the period in which the analysis and decisions relating to compensation of the Company's executive officers for fiscal 2016 (as discussed herein) were made, the Compensation Committee was comprised of Messrs. Tim Petterson (Chair), Slater and Jay Sujir. Mr. Petterson and Mr. Sujir, together representing a majority of the directors of the Company, are "independent" within the meaning of *National Instrument 58-101 – Disclosure of Corporate Governance Practices* ("NI 58-101"), including because they have no business or other relationship which could, in the view of the Board, reasonably be expected to interfere with the exercise of their independent judgment. Mr. Slater is also the Chairman of the Board and the CEO of the Company, and is therefore not considered to be "independent" within the meaning of NI 58-101. The Compensation Committee members for fiscal 2016 had extensive direct experience in their past executive and board positions that are relevant to their responsibilities as members of the Compensation Committee. Readers should note that effective April 18, 2017, Mr. Petterson and Mr. Sujir resigned as Directors of the Company and as such, as at the date of this Circular they are no longer members of the Company's Compensation Committee. See "*Election of Directors*" above.

Executive Compensation Principles

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

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

- a) *Alignment with shareholder interests* – the Company believes that the goals of its executives should be aligned with the maximization of long-term shareholder value;
- b) *Performance sensitivity* – compensation paid to executive officers should be linked to the operating and market performance of the Company and fluctuate with such performance; and
- c) *Offer market competitive compensation to attract and retain talent* – the compensation program should provide market competitive pay in terms of value and structure in order to retain, motivate and reward existing employees who are performing according to their objectives and should also serve to attract new individuals of the highest calibre.

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

- a) to attract and retain highly qualified executive officers;
- b) to encourage and reward outstanding performance by those people who are in the best position to enhance the Company's near-term results and long-term prospects;
- c) to align the interests of executive officers with shareholders' interests and with the execution of the Company's business strategy;
- d) to evaluate executive performance on the basis of key measurements of exploration management and business plan implementation that correlate to long-term shareholder value; and
- e) to tie compensation directly to those measurements based on achieving and exceeding predetermined Competitive Compensation.

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

The Board reviews data related to compensation levels and programs of various companies that are similar in size to the Company and operate within the mining exploration and development industry, prior to making its decisions. These companies are used as the Company's primary peer group because they have similar business characteristics or because they compete with the Company for employees and investors.

Under the Company's existing executive compensation program, base salaries (if any) for each calendar year are determined in the fourth quarter of the fiscal year and any incentive awards, which are based on a financial year, are also determined in the fourth quarter of each year. In the event that a decision is made by the Compensation Committee to consider an increase in the compensation of any NEO, the Compensation Committee will conduct a review of the compensation programs of the peer group companies described above, in order to:

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

Aligning the Interests of the Named Executive Officers with the Interests of Red Eagle Exploration's Shareholders

The Company believes that transparent, objective and easily verified corporate goals, combined with individual performance goals, play an important role in creating and maintaining an effective compensation strategy for the NEOs Officers. The Company's objective is to establish benchmarks and targets for its NEO's which, if achieved, will enhance shareholder value. These benchmarks relate to completion of exploration programs on the basis of pre-established budgets and exploration success, as well as completion of equity financings on terms beneficial to the Company. In addition, the

compensation strategy takes into consideration the Company's current state of development and performance, the individual's performance and the Company's overall financial status.

The Compensation Committee annually reviews key corporate performance indicators such as finance and project advancement but does not set specific performance goals for each NEO. The Company is an exploration stage mining company and will not be generating revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability and earnings per share, are not considered by the Compensation Committee to be relevant in the evaluation of NEO performance. Instead the Compensation Committee takes into account the stage of development of the Company and available capital, as well as the particular officer's level of responsibility, duties, amount of time dedicated to the affairs of the Company and contribution to the Company's long term success. No specific formulas have been developed to assign a specific weighting to each of these components. Instead the Compensation Committee considers the Company's performance and determines compensation based on the total assessment.

A combination of fixed and variable compensation is used to motivate the Company's executives to achieve overall corporate goals. For the 2016 financial year, the three basic components of the Company's executive compensation program were:

- fixed salary and benefits;
- annual short-term incentive plan (cash bonus); and
- long-term incentive awards (option-based and share-based awards compensation).

Given the stage and size of the Company, it was determined that no fixed salaries would be paid in 2016. In 2016, compensation consisted of annual incentives and option-based compensation represent compensation that is "at risk" and thus may or may not be paid to the respective executive officer depending on: (i) whether the executive officer is able to meet or exceed his or her applicable performance targets; and (ii) success in financing the Company and market performance of the Company's Shares. To date, no specific formulae have been developed to assign a specific weighting to each of these components. Instead, the Compensation Committee considers each performance target and the Company's performance and assigns compensation based on this assessment.

Each element of the total targeted compensation is reviewed on an annual basis by the Compensation Committee for each NEO, to ensure that the incentives are designed and implemented to align compensation with short-term and long-term key corporate objectives and performance by the relevant NEO.

Fixed Salary and Benefits

For the fiscal year ended December 31, 2016, the Compensation Committee did not pay any salary to the NEO's. The Board of Directors will approve all further salary ranges for the NEO's. The base salary review for each NEO is based on an assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual, as well as factors such as extensive overseas travel, extended periods of work overseas and any hardship associated with such travel. Comparative data for the Company's peer group is also accumulated from a number of external sources including independent consultants. The Company's policy for determining salary for executive officers is consistent with the administration of salaries for all other employees.

Annual Incentive Plan

The Company's annual incentive plan is intended to provide incentives to enhance the growth and development of the Company's employees and motivate such employees to maintain high standards of individual performance with the objective of achieving the goals of the Company. Awards under the Company's annual incentive plan are made by way of cash bonuses, which are approved by the Compensation Committee and the Board of Directors in its discretion, in accordance with Red Eagle Exploration's compensation policies and practices and which are structured to reward the results of the most recently completed financial year.

The success of the NEO's in achieving their individual objectives and their contribution to the Company in reaching its overall goals continue to be factors in the determination of their annual bonus. The Board continues to assess each NEO's

performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Company that arise on a day to day basis. This assessment continues to be used by the Board with respect to the determination of annual bonuses for the NEOs.

The Company did not award any such incentive bonuses in the year ended December 31, 2016.

Long Term Incentive Awards

The Company's long term incentive awards consists of stock options granted pursuant to the Stock Option Plan. The Compensation Committee believes that granting stock options to executive officers and employees aligns the interests of the executive officers and employees with the Company's shareholders by linking a component of executive compensation to the longer-term performance of the Company's Shares. The Company emphasizes stock options in executive compensation as they allow the NEOs to share in the Company's results in a manner that is relatively cost effective despite the effects of treating stock options as a compensation expense. The Compensation Committee provides recommendations to the Board with respect to option grants to NEOs.

When considering the grant of Stock options to the Company's executive officers, the Compensation Committee takes into account the level of Stock options granted by comparable companies to executives with similar levels of responsibility and considers each executive officer based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value and the individual performance objectives set for the executive officer. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. In order to determine the number of options to grant to an executive officer, the Compensation Committee and the Board of Directors will also consider a number of factors, including position and length of service, recommendations by senior executive officers and previous grants of options to the executive officer.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Compensation Committee also makes the following determinations:

- the executive officers and Directors who are entitled to participate in the stock option plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the market price on the date of grant;
- the date on which each option is granted;
- the vesting period for each stock option; and
- the other material terms and conditions of each stock option grant.

The Compensation Committee makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. Generally, once each year, or more often as may be deemed appropriate, the Board of Directors will meet to review the recommendations of the Compensation Committee and consider and, if appropriate, approve a grant of options to those employees eligible for consideration for options under the terms of our overall compensation plan.

In 2016, the Company adopted a Restricted Share Unit Plan (the "**RSU Plan**") for the benefit of executive officers and employees of the Company. Adoption of the RSU Plan was part of the Company's continuing effort to build upon and enhance long term shareholder value. The RSU Plan reflects the Company's commitment to a long-term incentive compensation structure that aligns the interests of its employees with the interests of its shareholders. It is administered by the Corporate Governance and Compensation Committee. To date, the Company has not awarded any Restricted Share Units under the RSU Plan.

Restructuring Agreement

On October 29, 2015, the Company announced it had signed a restructuring agreement (the "**Restructuring Agreement**") with its principal shareholders, Red Eagle Mining and Batero Gold Corp. ("**Batero**"). Under the terms of the Restructuring Agreement, the Company, Batero and Red Eagle Mining agreed that: (i) the then current Board, CEO and CFO would resign in favour of the nominees of Red Eagle Mining and (ii) Red Eagle Mining and Batero intend to subscribe, in aggregate, for 30,000,000 Common Shares at \$0.06 per share for gross proceeds of \$1,800,000 (the "**Financing**").

On November 5, 2015, the Company completed the Financing. Concurrent with the closing of the Financing and pursuant to the Restructuring Agreement, the entire Board as well as the CEO and CFO resigned and were replaced by Mr. Slater, Mr. Petterson and Mr. Sujir. Mr. Slater assumed the role of CEO and Mr. Chui Wong assumed the role of CFO.

On April 1, 2017, Mr. Bell was appointed to the Board and on April 18, 2017, Messrs. Hathaway and Pullinger were appointed to the Board replacing Messrs. Sujir and Petterson who each resigned from the Company's Board of Directors of the Company effective April 18, 2017.

Named Executive Officer's Compensation

Named Executive Officer's Summary Compensation Table

The following table is a summary of total compensation paid to the NEO's for each of the 2016 and 2015 fiscal years, being the years in which compensation was paid to the NEO's following the resignation of the former Named Executive Officers of the Company pursuant to the Restructuring Agreement.

Name and Principal Position	Year	Salary	Share based awards	Option-based awards ⁽¹⁾	Non-Equity incentive plan compensation		All other compensation	Total compensation
					Annual incentive plans	Long-term incentive plans		
		\$	\$	\$	\$	\$	\$	\$
Ian Slater, CEO ⁽²⁾	2016	Nil	Nil	561,552	Nil	Nil	Nil	561,552
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Chui Wong, CFO ⁽²⁾	2016	Nil	Nil	140,388	Nil	Nil	Nil	140,388
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Option-based awards represent the fair market value of incentive stock options awarded during the year. The calculation of fair market value is based on the Black-Scholes option pricing formula. The Corporation selected the Black-Scholes model because it is widely used in estimating option based compensation values by Canadian public companies. There were no option-based awards granted during 2015. For 2016, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming, on a weighted average, a risk-free interest rate of 0.75%, no dividend yield, expected life of 5 years and an expected price volatility of 137.25%.
- (2) As part of the Restructuring Agreement on the change of control, the Company's former CEO and CFO, Mr. Fabio Capponi and Ms. Susan Rubin, both resigned from their positions on November 5, 2015. On November 6, 2015, Mr. Slater and Mr. Wong were appointed CEO and CFO, respectively.

Incentive Plan Awards

Named Executive Officer's Outstanding Option-Based Awards

The following table sets out, for each NEO, the incentive stock options (option-based awards) outstanding as at December 31, 2016. Incentive stock options granted to executive officers who are also Directors of the Company vest immediately. Incentive stock options granted to all other executive officers and employees of the Company vest over a two-year period after the date of the grant; 1/4 vest immediately, 1/4 vest after six months and 1/4 vest after one year, and 1/4 vest after eighteen months. All option awards have a five-year term.

Name	Number of securities underlying unexercised options #	Option exercise price	Option expiration date	Value of unexercised in-the-money ⁽¹⁾ \$
Ian Slater	4,000,000	\$0.16	November 11, 2021	Nil
Chui Wong	1,000,000	\$0.16	November 11, 2021	Nil

Notes:

(1) The value of unexercised in-the-money options is calculated by multiplying the difference between the closing price of the shares on the TSX-V on December 30, 2016 (\$0.14) and the exercise price of the option by the number of outstanding options. Where the difference is negative, the options are not in-the-money and no value is reported.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, for each NEO for the 2016 fiscal year, the value of all option-based awards that vested during the financial year ended December 31, 2016. The value vested during the year, represents the cumulative excess of the closing market price over the stock option grant price on the vesting date for all stock options that vested during 2016 whether or not they were exercised by the NEO.

Name	Option-based awards – Value vested during the year \$	Share-based awards – Value earned during the year \$	Non-equity incentive plan compensation – Value earned during the year \$
Ian Slater	Nil	Nil	Nil
Chui Wong	Nil	Nil	Nil

The Company’s Option Plan has been established to provide incentives to eligible persons to increase their equity interest in the Company and thereby encourage their continuing association with the Company. The Option Plan is administered by the Board of Directors and provides that options may be granted to Directors, officers, employees or consultants of the Company or any subsidiary of the Company. The Option Plan is considered to be a “rolling plan” under TSX-V rules and requires shareholder approval on an annual basis. The material terms of the Option Plan are described above under the heading “*Approval of Stock Option Plan*”.

Pension Plan Benefits

The Company does not have a defined benefit or actuarial plan under which benefits are determined primarily by final compensation and years of service. The Company does not provide retirement benefits for Directors.

Termination and Change of Control Benefits

As at the date of this Circular, the Company has not entered into employment and/or management services agreements with the Named Executive Officers, and as such, there are no applicable termination and change of control benefits.

Director Compensation

2016 Director Compensation Table

The following table sets out all amounts of compensation for Company’s Directors for the financial year ended December 31, 2016.

Name	Fees earned \$	Option-based awards ⁽¹⁾ \$	Non-equity incentive plan compensation \$	All other compensation \$	Total Compensation \$
Ian Slater	36,000	Nil ⁽²⁾	Nil	Nil	36,000
Tim Petterson	36,000	280,776	Nil	Nil	316,776
Jay Sujir	36,000	140,388	Nil	Nil	176,388

Notes:

- (1) Option-based awards refer to options granted under the Stock Option Plan, based on the grant date fair value of the applicable awards. The calculation of fair market value is based on the Black-Scholes option pricing formula. The Corporation selected the Black-Scholes model because it is widely used in estimating option based compensation values by Canadian public companies. For 2016, the fair value was estimated at the grant date based on the Black-Scholes option pricing model assuming, on a weighted average, a risk-free interest rate of 0.75%, no dividend yield, expected life of 5 years and an expected price volatility of 137.25%.
- (2) In November 2016, Mr. Slater received a grant of 4,000,000 options as long-term incentive compensation for his position as CEO of the Company. See "Named Executive Officer's Outstanding Option-Based Awards" above.

Non-Executive Director's Outstanding Option-Based Awards

The following table sets out all option-based awards outstanding for each of the Company's non-executive Directors, as at December 31, 2016⁽²⁾.

Name	Number of securities underlying unexercised options #	Option exercise price \$	Options expiration date	Value of unexercised in- the-money options ⁽¹⁾ \$
Tim Patterson	2,000,000	\$0.16	November 11, 2021	Nil
Jay Sujir	1,000,000	\$0.16	November 11, 2021	Nil

Notes:

- (1) The value of unexercised in-the-money options is calculated by multiplying the difference between the price of the Shares which was \$0.14 at December 30, 2016, and the option exercise price, by the number of outstanding options (both vested and unvested). Where the difference is negative, the options are not in-the-money and no value is reported.
- (2) Readers should note that on April 1, 2017, Mr. Bell was appointed to the Board and on April 18, 2017, Messrs. Hathaway and Pullinger were appointed to the Board of Directors replacing Messrs. Sujir and Petterson who each resigned from the Board of Directors of the Company effective April 18, 2017.

DSU Plan

In 2016, the Company adopted a Deferred Share Unit Plan ("DSU Plan") to strengthen the alignment of interests between its non-employee directors and shareholders by linking a portion of annual director compensation to the future value of Red Eagle's Common Shares. Adoption of the DSU Plan was part of the Company's continuing effort to build upon and enhance long term shareholder value. It is administered by the Corporate Governance and Compensation Committee. To date, the Company has not awarded any Deferred Share Units under the DSU Plan.

Non-Executive Director's Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of incentive plan awards for each of the Company's non-executive Directors, vested or earned during the financial year ended December 31, 2016. The value vested during the year, represents the cumulative excess of the closing market price over the stock option grant price on the vesting date for all stock options that vested during 2016 whether or not they were exercised by the Director.

Name	Option-based awards value vested during the year \$	Share-based awards value earned during the year \$	Non-equity incentive plan compensation value earned during the year \$
Tim Petterson	Nil	Nil	Nil
Jay Sujir	Nil	Nil	Nil

PART FOUR – OTHER INFORMATION

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance in effect as of December 31, 2016.

Plan Category	Number of securities to be issued upon exercise of outstanding options and rights ⁽¹⁾ #	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 the first column) ⁽²⁾ #
Equity Compensation Plans Approved by Shareholders	20,680,000	\$0.18	15,301,888
Equity Compensation Plans Not Approved by Shareholders	Nil	Nil	Nil
Total	20,680,000	\$0.18	15,301,888

Notes:

- (1) Represents Shares of the Company issuable under the Company's stock option plan. Additional information can be found under the headings "Compensation Discussion & Analysis – Long Term Compensation" and "Approval of Stock Option Plan".
- (2) The Company is authorized to issue up to 10% of the number of issued and outstanding Shares of the Company on a non-diluted basis at any time. The number of Shares available for future issuance under the Company's stock option plan as at December 31, 2016 includes Shares that have not previously been reserved for an option grant and Shares underlying unexercised options that have expired or were terminated.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is or who at any time during the last financial year was a director or executive officer or employee of the Company, a proposed nominee for election as a director of the Company or an associate of any such director, officer or proposed nominee is, or at any time since the beginning of the last completed financial year has been, indebted to the Company or any of its subsidiaries and no indebtedness of any such individual to another entity is, or has at any time since the beginning of such year been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the informed persons of the Company, nor any proposed nominee for election as a Director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year, or in any proposed transaction which in either case, has or will materially affect the Company, except as disclosed herein.

Applicable securities legislation defines, "informed person: to mean any of the following: (a) Director or executive officer of a reporting issuer; (b) a Director or officer of a person or company that is itself an informed person or subsidiary of a reporting issuer; (c) 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 percent of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or the Company as an underwriter in the course of a distribution; and (d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth in this Circular, no person who has been a Director or executive officer of the Company at any time since the beginning of the Company's most recently completed financial year, no proposed nominee for election as a Director of the Company and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted at the Meeting, except for any interest arising from the ownership of Shares of the Company where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of Shares of the Company.

AUDIT COMMITTEE DISCLOSURE

The charter of the Company's Audit Committee and the other information required to be disclosed by NI 52-110F2 is attached as Schedule "A" and Exhibit "1" to this Circular.

MANAGEMENT CONTRACTS

Management functions of the Company are not, to any substantial degree, performed by a person or persons other than the Directors or Senior Officers of the Company.

CORPORATE GOVERNANCE

The information required to be disclosed by NI 58-101 is attached to this Circular as Schedule "C".

OTHER MATTERS

The Management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Copies of the Company's financial statements and MD&A may be obtained without charge upon request from the Company's registered and records 2348 – 666 Burrard Street, Vancouver, BC, V6C 2X8, phone (604) 638-2545. Financial information on the Company is provided in its audited financial statements and MD&A for the year ended December 31, 2016.

DIRECTOR APPROVAL

The contents of this Circular and the sending thereof to the Shareholders of the Company have been approved by the Board of Directors.

DATED at Vancouver, British Columbia, this 5th day of May, 2017.

ON BEHALF OF THE BOARD OF DIRECTORS
OF RED EAGLE EXPLORATION LIMITED.



Ian Slater, Chairman and CEO

SCHEDULE "A"
RED EAGLE EXPLORATION LIMITED
FORM 52-110F2
AUDIT COMMITTEE DISCLOSURE

ITEM 1: THE AUDIT COMMITTEE'S CHARTER

See Exhibit 1 attached hereto.

ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE

For the duration of the fiscal year ending December 31, 2016, and for the period ending March 31, 2017, the members of the Committee were Messrs. Petterson (Chair), Slater and Sujir. On April 18, 2017, Messrs. Petterson and Sujir resigned as Directors of the Company. The Company currently has an interim Audit Committee in place consisting of Messrs. Bell (Chair), Slater and Benjamin Pullinger. As at the date of this Circular, Red Eagle Mining holds a 90% controlling interest in the Company. Red Eagle Mining's Audit Committee is comprised entirely of individuals who are "Independent" and financially literate within the meaning of *National Instrument 52-110 Audit Committees* ("NI 52-110") of the Canadian Securities Administrators. The Company plans to appoint a new Audit Committee in the near future. Accordingly, the information contained in this Schedule "A" is current as at December 31, 2016, being the last completed financial year of the Company.

All of the members of the Audit Committee for the fiscal year ended December 31, 2016, were financially literate. Mr. Petterson and Mr. Sujir, together representing a majority of the members of the Audit Committee, are independent. "Independent" and "financially literate" have the meaning used in NI 52-110.

ITEM 3: RELEVANT EDUCATION AND EXPERIENCE

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

Mr. Ian Slater

Mr. Slater is a Director of the Company. Mr. Slater is the Chairman and CEO of Red Eagle Mining Corporation. Mr. Slater has been involved in the mining industry for over twenty years. Previously, Mr. Slater was the Managing Partner of both Ernst & Young's Canadian and Arthur Andersen's Central Asian Mining Practices. Mr. Slater is a Chartered Accountant.

Mr. Tim Petterson

Mr. Petterson is a Director of the Company. Mr. Petterson is a co-founder and Director of Red Eagle Mining Corporation. Mr. Petterson worked for fifteen years in both Mining Consultancy and Investment Banking in London. He has held several senior positions including Head of Global Mining Research at HSBC and more latterly ABN AMRO, before becoming ABN AMRO's Head of Pan European Equity Research. Mr. Petterson is currently CEO of Black Eagle Mining Corporation and is a graduate Mining Engineer.

Mr. Jay Sujir

Mr. Sujir is a Director of the Company. Mr. Sujir is a securities and natural resources lawyer who has extensive experience in advising and assisting public companies. He has been a partner with Farris, Vaughan, Wills & Murphy LLP since May 2015. He was previously a partner with Anfield Sujir Kennedy & Durno LLP and its predecessor firms from 1991 to May 2015. Mr. Sujir obtained his Bachelor of Arts degree from the University of Victoria in 1981 with a double major in Economics and Philosophy and obtained his Bachelor of Law degree from the University of Victoria in 1985. He is a member of the Law Society of British Columbia and the Canadian Bar Association.

ITEM 4: AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor (currently PricewaterhouseCoopers LLP, Chartered Accountants) not adopted by the Board.

ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS

Since the effective date of NI 52-110, the Company has not at any time since December 31, 2015 relied on the exemptions contained in sections 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6) or 8 of NI 52-110.

ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES

All services to be performed by the Company's independent auditor must be approved in advance by the Audit Committee or a designated member of the Audit Committee ("**Designated Member**"). The Designated Member is a member of the Audit Committee who has been given the authority to grant pre-approvals of the permitted audit and non-audit services.

The Audit Committee has considered whether the provision of services other than the audit services is compatible with maintaining the auditors' independence and had adopted a policy governing the provision of these services. This policy requires the pre-approval by the Audit Committee or the Designated Member of all audit and non-audit services provided by the external auditor, other than the *de minimis* non-audit services allowed by the applicable law or regulation. The decisions of the Designated Member to pre-approve a permitted service are reported to the Audit Committee at its regularly scheduled meetings.

Pre-approval from the Audit Committee or Designated Member can be sought for planned engagements based on budgeted or committed fees. No further approval is required to pay pre-approved fees. Additional pre-approval is required for any increase in the scope or in final fees.

Pursuant to these procedures, 100% of each of the services provided by the Company's external auditors relating to the fees reported as audit, audit-related, tax and all other fees were pre-approved by the Audit Committee or the Designated Member.

ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

On October 28, 2016, PricewaterhouseCoopers LLP, Chartered Professional Accountants, were appointed as the Company's new auditors. PricewaterhouseCoopers LLP are independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

KPMG LLP, Chartered Professional Accountants, were the Company's auditors until October 28, 2016, and were also independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

The aggregate fees billed by the Company's auditors in fiscal 2016 and fiscal 2015 are detailed below.

Category	Year ended December 31, 2015	Year ended December 31, 2016
Audit Fees ⁽¹⁾	\$38,650	\$46,911
Tax Fees ⁽²⁾	Nil	\$23,540
Total	\$38,650	\$70,451

Notes:

(1) "Audit Fees" represent fees for the audit of the Company's consolidated annual financial statements, and review in connection with regulatory financial filings.

(2) "Tax Fees" represent fees for tax compliance, tax consulting and tax planning.

ITEM 8: EXEMPTION

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) thereof.

SCHEDULE "B"

**RED EAGLE EXPLORATION LIMITED
CHANGE OF AUDITOR REPORTING PACKAGE**



October 28, 2016

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
The Manitoba Securities Commission
Ontario Securities Commission
New Brunswick Securities Commission
Nova Scotia Securities Commission
Prince Edward Island Securities Office
Government of Newfoundland and Labrador

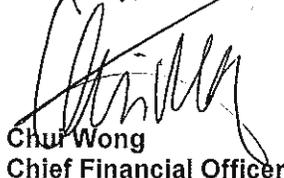
Re: Notice of Change of Auditors for CB Gold Inc. (the "Company")

Pursuant to National Instrument 51-102, the Company hereby provides a change of auditor notice as follows:

1. KPMG LLP resigned as the Company's auditor, at the Company's request, on October 28, 2016.
2. PricewaterhouseCoopers LLP was appointed as auditors of the Company on October 28, 2016, to hold office until the next annual general meeting of shareholders of the Company.
3. The resignation of KPMG LLP and the appointment of PricewaterhouseCoopers LLP was considered and approved by the Audit Committee of the Board of Directors of the Company.
4. There were no modifications of opinion by KPMG LLP in the Auditor's Reports for the financial years ended December 31, 2015 and December 31, 2014. KPMG LLP did not report on any financial statements of the Company subsequent to December 31, 2015.
5. The Board of Directors of the Company is of the opinion that there were no "reportable events" as defined by National Instrument 51-102, which occurred in connection with the audit of the two most recently completed fiscal years or for any period subsequent to the most recently completed fiscal period for which an Auditor's Report was issued.

Dated this 28th day of October, 2016.

Yours truly,



Chur Wong
Chief Financial Officer



KPMG LLP
Chartered Professional Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

Mr. Chui Wong
Chief Financial Officer
CB Gold Inc.
2348 – 666 Burrard Street
Vancouver, BC V6C 2X8

October 28, 2016

Dear Mr. Wong

At the request of the Company, we hereby resign as auditors of CB Gold Inc. effective October 28, 2016. We appreciate the opportunity to have been of service to the Company and wish you success in future endeavors.

If we can be of assistance in the future, please do not hesitate to contact us.

Yours very truly

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants



October 28, 2016

To:
Alberta Securities Commission
British Columbia Securities Commission
Government of Newfoundland and Labrador
New Brunswick Securities Commission
Nova Scotia Securities Commission
Ontario Securities Commission
Prince Edward Island Securities Office
Saskatchewan Financial Services Commission
The Manitoba Securities Commission

We have read the statements made by CB Gold Inc. in the attached copy of change of auditor notice dated October 28, 2016, which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102.

We agree with the statements in the change of auditor notice dated October 28, 2016.

Yours very truly,

PricewaterhouseCoopers LLP
Chartered Professional Accountants

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place, 250 Howe Street, Suite 700, Vancouver, British Columbia, Canada V6C 3S7
T: +1 604 806 7000, F: +1 604 806 7806, www.pwc.com/ca

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

SCHEDULE “C”

RED EAGLE EXPLORATION LIMITED CORPORATE GOVERNANCE PRACTICES

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* the corporate governance corporate governance practices of the Company are as follows.

ITEM 1. BOARD OF DIRECTORS

The Board of Directors of the Company facilitates its exercise of independent supervision over the Company’s management through frequent meetings of the Board.

Mr. Robert Bell is an “independent” director of the Company within the meaning of *National Instrument 58-201 – Corporate Governance Guidelines*, including because he has no business or other relationship which could, in the view of the Board, reasonably be expected to interfere with the director’s exercise of independent judgment.

Mr. Leo Hathaway is an “independent” director of the Company within the meaning of *National Instrument 58-201 – Corporate Governance Guidelines*, including because he has no business or other relationship which could, in the view of the Board, reasonably be expected to interfere with the director’s exercise of independent judgment.

Mr. Benjamin Pullinger is an “independent” director of the Company within the meaning of *National Instrument 58-101 – Disclosure of Corporate Governance Practices*, including because he has no business or other relationship which could, in the view of the Board, reasonably be expected to interfere with the director’s exercise of independent judgment.

Mr. Ian Slater is the CEO of the Company and is therefore not independent within the meaning of *National Instrument 58-201 – Corporate Governance Guidelines*.

ITEM 2. DIRECTORSHIPS

The directors of the Company are currently directors of the following other reporting issuers:

Name of Director	Name of Reporting Issuer
Ian Slater	Libero Mining Corporation Red Eagle Mining Corporation
Robert Bell	Libero Mining Corporation Red Eagle Mining Corporation
Leo Hathaway	Bluestone Resources Inc.
Benjamin Pullinger	None

ITEM 3. ORIENTATION AND CONTINUING EDUCATION

New members of the Board are briefed on the corporate governance practices of the Company and provided with all relevant information regarding the Company and its business.

ITEM 4. ETHICAL BUSINESS CONDUCT

The Board has found that the fiduciary duties of directors under applicable corporate legislation, including with respect to potential conflicts of interest, have been sufficient to ensure that the Board operates independently of management and

otherwise in the best interests of the Company. The Board Mandate, Committee Charters as well as the other corporate governance policies of the Company also encourage and promote a culture of ethical business conduct.

ITEM 5. NOMINATION OF DIRECTORS

The Corporate Governance and Compensation Committee is responsible for identifying individuals qualified to become new Board members and recommending to the Board director nominees for the next annual meeting the shareholders. In accordance with its Charter, the Corporate Governance and Compensation Committee on an annual basis must: (a) review and assess the size, composition and operation of the Board to ensure effective decision making; (b) review and assess the size, composition and Chairmen of all Board Committees; (c) identify and review candidates for appointment or nomination to the Board based upon an assessment of the independence, skills, qualifications and experience of the candidates, and make recommendations to the Board for consideration. New nominees must have business expertise and experience that allows the individual to make a meaningful contribution to the Company, the ability to devote the requisite time required to perform the duties of a director, demonstrated support for the Company's strategic objectives and expressed a willingness to serve as a director.

ITEM 6. COMPENSATION

The Board of Directors, with the assistance of the Corporate Governance and Compensation Committee, is responsible for determining the compensation of the Company's directors and executive officers. The CEO's compensation is comprised primarily of base salary and long term incentives in the form of stock options. In establishing compensation, the Board of Directors and the Corporate Governance and Compensation Committee take into account the stage of development of the Company, the size of the Company and the Company's success in achieving its strategic objectives, as well as each officer's level of responsibility, duties and contributions to the Company. Only non-executive directors receive compensation for acting as a director of the Company.

ITEM 7. OTHER BOARD COMMITTEES

The Company does not have any standing committees other than the Audit Committee and the Corporate Governance and Compensation Committee.

ITEM 8. ASSESSMENTS

In accordance with its Charter, the Corporate Governance and Compensation Committee on an annual basis must: (a) review and assess the size, composition and operation of the Board to ensure effective decision making; (b) review and assess the size, composition and Chairmen of all Board Committees; (c) identify and review candidates for appointment or nomination to the Board based upon an assessment of the independence, skills, qualifications and experience of the candidates, and make recommendations to the Board for consideration; and (d) conduct an assessment of the Board's performance and effectiveness and report to the Board the results thereof. Also, under the terms of the Charter of the Corporate Governance and Compensation Committee, the Board and such Committee must annually assess its effectiveness with a view to ensuring that the performance of the Committees accords with best practices and applicable law.

EXHIBIT "1"
RED EAGLE EXPLORATION LIMITED
AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE CHARTER

(Implemented pursuant to National Instrument 52-110 – *Audit Committees*)

National Instrument 52-110 – *Audit Committees* (the “**Instrument**”) relating to the composition and function of audit committees was implemented for reporting issuers and, accordingly, applies to every TSX Venture Exchange listed company, including Red Eagle Exploration (the “**Company**”). The Instrument requires all affected issuers to have a written audit committee charter which must be disclosed, as stipulated by Form 52-110F2, in the management information circular of the Company wherein management solicits proxies from the security holders of the Company for the purpose of electing directors to the Board of Directors. The Company, as a TSX Venture Exchange-listed company is, however, exempt from certain requirements of the Instrument.

This Charter has been adopted by the Board of Directors in order to comply with the Instrument and to more properly define the role of the Audit Committee in the oversight of the financial reporting process of the Company. Nothing in this Charter is intended to restrict the ability of the Board of Directors or Audit Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

1. PURPOSE

1.1. The purpose of the Committee is to:

- (a) assist the Board in fulfilling its financial reporting and controls responsibilities to the shareholders of the Company and the investment community;
- (b) serve as an independent and objective party to oversee and monitor the Company’s financial reporting process and internal controls, the Company’s processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;
- (c) improve the quality of the Company’s financial reporting;
- (d) assist the Board of Directors to properly and fully discharge its responsibilities;
- (e) assist the Board in oversight of the performance of the Company’s internal audit function;
- (f) provide an avenue of enhanced communication between the directors and external auditors;
- (g) enhance the external auditor’s independence;
- (h) increase the credibility and objectivity of financial reports;
- (i) prepare Audit Committee reports as required by applicable regulators and
- (j) strengthen the role of the directors by facilitating in depth discussions between directors, management and external auditors.

2. **DEFINITIONS**

- 2.1. “**accounting principles**” has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;
- 2.2. “**Affiliate**” means a Company that is a subsidiary of another Company or companies that are controlled by the same entity;
- 2.3. “**audit services**” means the professional services rendered by the Company's external auditor for the audit and review of the Company’s financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;
- 2.4. “**Charter**” means this audit committee charter;
- 2.5. “**Committee**” means the audit committee established by and among certain members of the board of directors for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company;
- 2.6. “**Control Person**” means any individual or company that holds or is one of a combination of individuals or companies that holds a sufficient number of any of the securities of the Company so as to affect materially the control of the Company, or that holds more than 20% of the outstanding voting shares of the Company except where there is evidence showing that the holder of those securities does not materially affect the control of the Company;
- 2.7. “**financially literate**” means an individual who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.
- 2.8. “**immediate family member**” means a person’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person's immediate family member) who shares the individual’s home;
- 2.9. “**Instrument**” means National Instrument 52-110 – *Audit Committees*;
- 2.10. “**MD&A**” has the meaning ascribed to it in National Instrument 51-102;
- 2.11. “**Member**” means a member of the Committee;
- 2.12. “**National Instrument 51-102**” means National Instrument 51-102 - *Continuous Disclosure Obligations*; and
- 2.13. “**non-audit services**” means services other than audit services.

3. AUDIT COMMITTEE

The Board of Directors has hereby established the Committee for, among other purposes, compliance with the Instrument.

4. RELATIONSHIP WITH EXTERNAL AUDITORS

- 4.1. The Company will require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.
- 4.2. The Committee will recommend to the Board and approve the selection of the external auditor, consider the independence and effectiveness and approve the fees and other compensation to be paid to the external auditor.
- 4.3. The Committee will monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion between management and the external auditor.
- 4.4. The Committee will review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Company to determine their independence and report to the Board of Directors.
- 4.5. The Committee will review and approve requests for any non-audit services to be performed by the external auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees.
- 4.6. The Committee will pre-approve non-audit services if:
 - (a) The aggregate amount of non-audit services not pre-approved expected to constitute no more than 5% of total fees paid by issuer and subsidiaries to external auditor during fiscal year in which the services are provided;
 - (b) the Company or a subsidiary did not recognize services as non-audit at the time of the engagement; and
 - (c) the services are promptly brought to Committee's attention and approved prior to completion of the audit.
- 4.7. The Committee will ensure disclosure of any specific policies or procedures adopted by the Committee to satisfy pre-approval requirements for non-audit services by the Company's external auditor.
- 4.8. The Committee will review the relationship of non-audit fees to audit fees paid to the external auditor to ensure that auditor independence is maintained.
- 4.9. The Committee will ensure that both the audit and non-audit fees are disclosed to shareholders by category.

- 4.10. The Committee will review the performance of the external auditor and approve any proposed discharge and replacement of the external auditor when circumstances warrant. The Committee will consider with management and the external auditor the rationale for employing accounting/auditing firms other than the principal external auditor.
- 4.11. The Committee or Committee Chair will at least annually, consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
- 4.12. The Committee will arrange for the external auditor to be available to the Audit Committee and the full Board as needed.
- 4.13. The Committee will oversee the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.
- 4.14. The Committee will ensure that the external auditors are prohibited from providing the following non-audit services and determining which other non-audit services the external auditors are prohibited from providing:
 - (a) bookkeeping or other services related to the accounting records or financial statements of the Company;
 - (b) financial information systems design and implementation;
 - (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
 - (d) actuarial services;
 - (e) internal audit outsourcing services;
 - (f) management functions or human resources;
 - (g) broker or dealer, investment adviser or investment banking services;
 - (h) legal services and expert services unrelated to the audit; and
 - (i) any other services which the Committee determines to be impermissible.
- 4.15. The Committee will approve any permissible non-audit engagements of the independent auditors, in accordance with applicable legislation.

5. COMMITTEE RESPONSIBILITIES

- 5.1. The Committee shall be responsible for:
- (a) creating an agenda for the ensuing year;
 - (b) reviewing and updating this Charter at least annually, as conditions dictate; and
 - (c) describing briefly in the Company's annual report and more fully in the Company's Management Information Circular the Committee's composition and responsibilities and how they were discharged.
- 5.2. The Committee shall be responsible for making the following recommendations to the Board of Directors:
- (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - (b) the compensation of the external auditor.
- 5.3. The Committee will be responsible for:
- (a) review with management and the independent auditors, the Company's interim and annual financial statements, management discussion and analysis, earnings releases and any reports or other financial information to be submitted to any governmental and/or regulatory body, or the public, including any certification, report, opinion, or review rendered by the independent auditor for the purpose of recommending their approval to the Board prior to their filing, issue or publication. The Chair of the Committee may represent the entire Committee for purposes of this review in circumstances where time does not allow the full Committee to be available.
 - (b) review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
 - (c) review the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Company.
 - (d) review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the independent auditor, based on terms of reference agreed upon by the independent auditor and the Audit Committee.
 - (e) review expenses of the Board Chair and CEO annually.

- (f) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the issuer's financial statements, as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.

5.4. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:

- (a) reviewing the audit plan with management and the external auditor;
- (b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
- (c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
- (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- (e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
- (f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
- (g) reviewing interim unaudited financial statements before release to the public;
- (h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report and management's discussion and analysis;
- (i) reviewing the evaluation of internal controls by the external auditor, together with management's response;
- (j) reviewing the terms of reference of the internal auditor, if any;
- (k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
- (l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable.

- 5.5. The Committee shall pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the issuer's external auditor.
- 5.6. The Committee shall ensure 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, and shall periodically assess the adequacy of those procedures.
- 5.7. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102, and the planned steps for an orderly transition.
- 5.8. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102, on a routine basis, whether or not there is to be a change of auditor.
- 5.9. The Committee shall, as applicable, establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
- 5.10. As applicable, the Committee shall establish, periodically 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 issuer, as applicable.
- 5.11. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

6. DELEGATION OF PRE-APPROVAL FUNCTION

- 6.1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services.
- 6.2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 7.1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

7. COMPOSITION

- 7.1. The Committee shall be composed of a minimum of three Members.
- 7.2. Every Member shall be a director of the issuer.
- 7.3. The majority of Members shall not be employees, Control Persons or officers of the Company.

- 7.4. If practicable, given the composition of the directors of the Company, each Committee Member shall be financially literate.

8. AUTHORITY

Until the replacement of this Charter, the Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee;
- (c) communicate directly with the internal and external auditors; and
- (d) recommend the amendment or approval of audited and interim financial statements to the board of directors.
- (e) in consultation with the independent auditor review the integrity of the organization's financial and accounting controls and reporting processes, both internal and external;
- (f) consider the external auditor's judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices;
- (g) consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the independent auditor and ensure that the accountants' reasoning is described in determining the appropriateness of changes in accounting principles and disclosure;
- (h) review management's monitoring of the Company's system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations, and the public satisfy legal requirements;
- (i) ensure that the CEO and CFO provide written certification with annual and interim financial statements and interim MD&A and the Annual Information Form;
- (j) make inquires of management and the independent auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risk to the Company;
- (k) review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage.

9. Meetings

- 9.1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly or more frequently as circumstances require. The Committee shall meet within 45 days following the end of each of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A and shall meet within 90 days following the end of the fiscal year end to review and discuss the audited financial results for the year and related MD&A prior to their publishing.
- 9.2. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their audit related duties, members of the Committee shall have full access to all corporate information and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and independent auditors of the Company.
- 9.3. Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.
- 9.4. Minutes shall be kept of all meetings of the Committee.

