

KLONDIKE GOLD CORP.

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INFORMATION CIRCULAR

(Containing Information as at January 10, 2014, unless otherwise stated)

For the Annual General and Special Meeting to be held on Tuesday, February 18, 2014

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the Management of KLONDIKE GOLD CORP. (the "Company"), for use at the Annual General and Special Meeting (the "Meeting"), of the shareholders of the Company (the "Shareholders"), to be held on Tuesday, the 18th day of February, 2014, at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof. The solicitation will be primarily by mail, however, proxies may be solicited personally or by telephone by the regular officers and employees of the Company. The cost of solicitation will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of Proxy are Directors and/or Officers of the Company. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE ENCLOSED INSTRUMENT OF PROXY. TO EXERCISE THIS RIGHT, A SHAREHOLDER SHALL STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE INSTRUMENT OF PROXY AND INSERT THE NAME OF HIS/HER NOMINEE IN THE BLANK SPACE PROVIDED, OR COMPLETE ANOTHER INSTRUMENT OF PROXY. A PROXY WILL NOT BE VALID UNLESS IT IS DEPOSITED WITH THE COMPANY'S REGISTRAR AND TRANSFER AGENT, COMPUTERSHARE TRUST COMPANY OF CANADA, 100 UNIVERSITY AVENUE, 9TH FLOOR, TORONTO, ONTARIO, M5J 2Y1, OR BY TOLL FREE FAX 1.866.249.7775 NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING OR ADJOURNMENT THEREOF.**

The Instrument of Proxy must be signed by the Shareholder or by his attorney in writing, or, if the Shareholder is a corporation, 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 Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the proxy is to be used, or to the Chairperson of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed Instrument of Proxy will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the proxy holder will do so in accordance with such direction.

IN THE ABSENCE OF ANY INSTRUCTION IN THE PROXY, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED IN FAVOUR OF THE MOTIONS PROPOSED TO BE MADE AT THE MEETING AS STATED UNDER THE HEADINGS IN THIS INFORMATION CIRCULAR. The Instrument of Proxy enclosed, when

properly signed, 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 Information Circular, the Management of the Company 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 exercised 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 two thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested Shareholder approval, common shares held by Shareholders of the Company who are also "insiders", as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold common shares in their own name. Shareholders who do not hold their common shares in their own name (referred to in this information circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of common shares can be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those common shares will not be registered in the Shareholder's name on the records of the Company. Such common shares will more likely be registered under the 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 CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). The common shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their common shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder by its broker, agent or nominee is limited to instructing the registered holder of the common shares on how to vote such shares on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications ("Broadridge"). Broadridge typically supplies a voting instruction form, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote common shares directly at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure such common shares are voted.**

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting common shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a proxyholder for a shareholder and vote common shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their common shares as a proxyholder.

The Company will not pay for an intermediary to deliver proxy related materials and voting instruction forms to objecting beneficial owners (called OBOs for Objecting Beneficial Owners). OBOs have objected to their intermediary disclosing ownership information about themselves to the Company. Accordingly, OBOs will not receive the materials unless their intermediary assumes the costs of delivery.

The Company is not relying on the "notice-and-access" delivery procedures outlined in National Instrument 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company's authorized capital consists of an unlimited number of common shares without par value. As at January 10, 2014, the Company had 116,685,008 common shares issued and outstanding, each share carrying the right to one vote. Any shareholder of record at the close of business on January 10, 2014 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.

To the best of the knowledge of the directors and senior officers of the Company, there are no person(s) or companies who 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 of the Company.

EXECUTIVE COMPENSATION

In accordance with applicable legislation, the Company had two NEOs during the financial year ended February 28, 2013, namely Erich Rauguth, who acted as President and Chief Executive Officer of the Company from November 4, 2011 to December 4, 2013 and Alan Campbell, who acted as the Chief Financial Officer of the Company from August 22, 2006 to December 4, 2013.

Definitions: For the purpose of this Information Circular:

"**CEO**" means an individual who acted as chief executive officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

"**CFO**" means an individual who acted as chief financial officer of the company, or acted in a similar capacity, for any part of the most recently completed financial year;

"**closing market price**" means the price at which the company's security was last sold, on the applicable date,

- (i) in the security's principal marketplace in Canada, or
- (ii) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace;

"**company**" includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

"**equity incentive plan**" means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 Share-based Payment;

"**external management company**" includes a subsidiary, affiliate or associate of the external management company;

"**grant date**" means a date determined for financial statement reporting purposes under IFRS 2 Share-based Payment;

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

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

"NEO" or "Named Executive Officer" means each of the following individuals:

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

"NI 52-107" means National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

"non-equity incentive plan" means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

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

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

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

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

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

COMPENSATION DISCUSSION AND ANALYSIS

During the year ended February 28, 2013, compensation provided to the Company's NEOs was determined and reviewed by the Company's Compensation Committee. In establishing executive compensation policies, the Compensation Committee took into consideration the recommendations of management and, following discussion and review, reported them to the Company's full board of directors for final approval. The members of the Compensation Committee for the fiscal year ended February 28, 2013 were Alan Campbell, Manfred Peschke and Steven Chan. The Compensation Committee was subsequently dissolved in December 2013. Following the Meeting this committee will be re-established with new members appointed.

For the financial year ended February 28, 2013, the three basic components of executive officer compensation were:

- (a) base salary;
- (b) annual incentives (cash bonus); and
- (c) option based awards (long term compensation).

Base salary comprises the portion of executive compensation that is fixed, whereas 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 expectations; (ii) market performance of the Company’s common shares; and, (iii) the Company’s liquidity and ability to raise further capital in the prevailing economic environment.

No specific formulae have been developed to assign a specific weighting to each of these components. Instead, 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 and responsibilities within the Company. The focus is on remaining competitive in the market with respect to ‘total compensation’ as opposed to within any one component of executive compensation.

The Compensation Committee reviews on an annual basis the cash compensation, performance and overall compensation package of each active NEO. It then submits to the Board recommendations with respect to base salary adjustments, bonuses and participation in option based compensation arrangements for each executive officer.

The Company does not currently have in place a share award program.

The Board of Directors has not conducted a formal evaluation of the implications of the risks associated with the Company’s compensation policies. Risk management is a consideration of the Board of Directors when implementing its compensation policies and the Board of Directors do not believe that the Company’s compensation policies result in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

Base Salary

During the year ended February 28, 2013, the Compensation Committee and the Board of directors approved the salary ranges for the active NEOs. Base salaries were set with the goal of being competitive with corporations of a comparable size and at the same stage of development, thereby enabling the Company to compete for and retain executives critical to the Company’s long-term success. In determining the base salary of an executive officer, the Compensation Committee places equal weight on the following criteria:

- the particular responsibilities related to the position;
- salaries paid by comparable businesses;
- the experience level of the executive officer; and
- his or her overall performance or expected performance (in the case of a newly hired executive officer).

The Compensation Committee makes an assessment of these criteria, and using this information together with budgetary guidelines and other internally generated planning and forecasting tools, performs an annual assessment of the compensation of all executive officer and employee compensation levels. To date, comparative data for the Company’s peer group has been accumulated internally, without the use of any external independent consultants or compensation specialists.

For employees of the Company, management is responsible for preparing an individual evaluation process for each employee and then conducting reviews on an annual basis. The evaluation framework is objective where a number of factors are judged for each employee. The results of said reviews and management recommendations with respect to compensation levels are then submitted to the Compensation Committee for consideration.

Annual Incentives (Cash Bonus)

Executive officers are eligible for an annual discretionary bonus, payable in cash. The Board approves such annual incentives and the Board relies heavily on the recommendations of the Compensation Committee in granting them. The Compensation Committee assesses each active NEO's performance and his or her respective contribution to the Company’s success, and after taking into account the financial and operating performance of the Company, makes a recommendation to the Board.

In the financial year ended February 28, 2013, the Board paid no bonus to any of the other executive officers or other employees in light of the prevailing economic conditions and the Company’s desire to preserve capital.

Option Based Awards (Long Term Compensation)

The Company has in effect a stock option plan (the "Stock Option Plan") in order to provide effective incentives to directors, officers and senior management personnel and consultants of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's Shareholders. In determining option grants to the Named Executive Officers, the Compensation Committee together with management takes into consideration factors that include the amount and exercise price of previous option grants, the NEO's experience, level of expertise and responsibilities, and the contributions of each NEO towards the completion of corporate transactions in any given fiscal year.

The Compensation Committee believes that it is important to award incentive stock options as part of an overall compensation package. Encouraging its executive officers and employees to become shareholders of the Company is, in the committee's view, the best way to align their interests with those of the Company's shareholders.

Equity participation is accomplished through the Company's Stock Option Plan which is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term, to enable the Company to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance.

The Company considers stock option grants when reviewing executive officer compensation packages as a whole. Stock options granted to NEOs during the most recently completed financial year, are disclosed below under the heading, "*Executive Compensation - Summary Compensation Table*".

The Company's Stock Option Plan provides for the grant of stock options to directors, executive officers and key employees and consultants of the Company and its subsidiaries for the purpose of advancing the interests of the Company and its shareholders through the motivation, attraction and retention of these individuals. It is generally recognized that stock option plans aid in attracting, retaining and encouraging these individuals due to the opportunity offered to them to acquire a proprietary interest in the Company.

The Committee determines the ranges of stock option grants for each level of executive officer, the key employees to whom it recommends that grants be made, and the terms and conditions of the options forming part of such grants, and makes recommendations to the Board accordingly. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of the position and contribution to the Company. The existing number and terms of the outstanding options are taken into account when granting new options.

The number of stock options which may be issued under the Stock Option Plan in the aggregate and in respect of any fiscal year is limited under the terms of the Stock Option Plan and cannot be increased without shareholder approval. Details of the Company's Stock Option Plan are provided below under "Particulars of Matters to be Acted Upon."

Pension Plan Benefits

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

Use of Financial Instruments

The Company does not have a policy that would prohibit a Named Executive Officer or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. However, management is not aware of any Named Executive or director purchasing such an instrument.

Summary Compensation Table

The following table sets forth particulars of all compensation paid to the Named Executive Officers during the years ended February 28, 2013, February 29, 2012 and February 28, 2011.

Name and principal position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Erich Rauguth ⁽¹⁾	2013	158,000 ⁽³⁾	Nil	60,689 ⁽⁴⁾	Nil	Nil	Nil	3,000 ⁽⁵⁾	221,689
	2012	21,000	Nil	Nil	Nil	Nil	Nil	Nil	21,000
	2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Alan Campbell ⁽²⁾	2013	84,000	Nil	60,689 ⁽⁴⁾	Nil	Nil	Nil	10,500 ⁽⁵⁾	155,189
	2012	53,100	Nil	Nil	Nil	Nil	Nil	Nil	53,100
	2011	13,875	Nil	Nil	Nil	Nil	Nil	Nil	13,875

Notes:

- (1) Erich Rauguth served as the President, Chief Executive Officer and a director of the Company from November 1, 2011 to December 4, 2013.
- (2) Alan Campbell served as the Chief Financial Officer and a director of the Company from August 22, 2006 to December 4, 2013.
- (3) Of this amount, \$62,000 salary was paid to Erich Rauguth by the Company and \$96,000 was paid to Erich Rauguth by Lonestar Gold Inc. ("Lonestar"), a wholly owned subsidiary of the Company, in accordance with the June 1, 2011 Employment Agreement between Erich Rauguth and Lonestar.
- (4) On March 1, 2012, the Company granted 400,000 options to each of Erich Rauguth and Alan Campbell at a price of \$0.20 per share exercisable until February 28, 2017. The methodology used to calculate these amounts was the Black-Scholes model. The Company chose this methodology because it is recognized as the most common methodology used for valuing options and doing value comparisons. The Black-Scholes assumptions used by the Company for these stock options were: i) exercise price per share of \$0.20; ii) expected share price volatility of 136%; iii) risk free interest rate of 1.45%; and iv) no dividend yield which is consistent with the accounting values used in the Company's financial statements. See "NEO Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards" for the aggregate number of options outstanding at year end.
- (5) Directors fees.

NEO INCENTIVE PLAN AWARDS

Common Share Purchase Plan

The Company has in effect the Stock Option Plan in order to provide effective incentives to directors, officers, senior management personnel and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for the Company's Shareholders. The Company has no equity compensation plans other than the Stock Option Plan.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth particulars of all outstanding share-based and option-based awards granted to the Named Executive Officers and which were outstanding at February 28, 2013:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Erich Rauguth	400,000	\$ 0.20	Feb. 28/17	Nil	N/A	N/A	N/A
Alan Campbell	400,000	\$ 0.20	Dec. 31/14	Nil	N/A	N/A	N/A
	33,333	\$1.50	Dec. 31/14	Nil	N/A	N/A	N/A
	56,667	\$1.50	Feb. 4/14	Nil	N/A	N/A	N/A

Note:

(1) Based on the difference between the exercise price of the options and the closing price of the Company's common shares on the TSX Venture Exchange on February 28, 2013 of \$0.075.

Incentive Plan Awards – Value Vested or Earned During the Year

Although 800,000 stock options were granted to the aforesaid Named Executive Officers during the year ended February 28, 2013, the market price of the common shares on the date of grant did not exceed the exercise price and, accordingly, the value vested or earned was nil. None of the Named Executive Officers exercised their stock options during the year ended February 28, 2013.

NARRATIVE DISCUSSION

The only plan based award program that the Company currently operates with is its Stock Option Plan. The Company's current Stock Option Plan was approved by shareholders of the Company on December 18, 2012. The purpose of the Stock Option Plan is to advance the interests of the Company, through the grant of options, by (1) providing an incentive mechanism to foster the interest of directors, officers, employees and consultants in the success of the Company; (2) encouraging directors, officers, employees and consultants to remain with the Company; and (3) attracting new directors, officers, employees and consultants.

The Stock Option Plan is administered by the Board or the Compensation Committee established by the Board for the purpose of administering the Stock Option Plan. At the present time, option grants are approved by either the Board or the Compensation Committee. It is the responsibility of the granting party to determine:

- (a) persons entitled to receive the option grant;
- (b) the number of options to be granted;
- (c) the exercise price, which shall not be less than market price for the Company's common shares at the date of grant;
- (d) an expiry date of no more than ten (10) years after the date of the grant; and
- (e) the manner, if any, in which the option shall vest and become exercisable.

TERMINATION AND CHANGE OF CONTROL BENEFITS

During the year ended February 28, 2013, the Company did not have any contracts, agreements, plans or arrangements in place with any NEO that provides for payment following or in connection with any termination, resignation, retirement, a change of control of the Company or a change in a NEO's responsibilities.

DIRECTOR COMPENSATION

During the financial year ended February 28, 2013, the board of directors elected to pay fees of \$1,000 per meeting of the board to each attending director, \$5,000 per annum to each member of the Audit Committee, and \$2,500 per annum to each member of the compensation committee.

During the financial year ended February 28, 2013, the Company had five directors. Two of those directors, namely Erich Rauguth and Alan Campbell were NEOs. Compensation for the NEOs has been discussed above. The following table sets forth particulars of all compensation paid to directors who were not NEOs during the year ended February 28, 2013.

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All other Compensation (\$)	Total (\$)
Manfred Peschke	34,500 ⁽³⁾	Nil	53,103 ⁽⁶⁾	Nil	Nil	Nil	87,603
Steven Chan ⁽¹⁾	10,500 ⁽⁴⁾	Nil	53,103 ⁽⁶⁾	Nil	Nil	Nil	63,603
Richard Hughes ⁽²⁾	3,000 ⁽⁵⁾	Nil	53,103 ⁽⁶⁾	Nil	Nil	180,000 ⁽⁷⁾	236,103

Notes:

- (1) Steven Chan served as a director of the Company from May 2, 2011 to December 4, 2013.
- (2) Richard Hughes served as a director of the Company from August 19, 1997 to May 13, 2013 and as the President of the Company from August 23, 2002 to November 4, 2011.
- (3) Of this amount, \$3,000 is directors fees, \$2,500 is compensation committee fees, and \$5,000 is audit committee fees paid to Manfred Peschke by the Company. The remaining \$24,000 was paid to Manfred Peschke by Lonestar in accordance with the June 1, 2011 Employment Agreement between Manfred Peschke and Lonestar
- (4) Of this amount, \$3,000 is directors fees, \$2,500 is compensation committee fees, and \$5,000 is audit committee fees.
- (5) Directors fees.
- (6) On March 1, 2012, the Company granted 350,000 options to each of Manfred Peschke, Steven Chan and Richard Hughes at a price of \$0.20 per share until February 28, 2017. The methodology used to calculate these options was the Black-Scholes model. The Black-Scholes assumptions used by the Company for these stock options were: i) exercise price per share of \$0.20; ii) expected share price volatility of 136%; iii) risk free interest rate of 1.45%; and iv) no dividend yield which is consistent with the accounting values used in the Company's financial statements.
- (7) Paid to Hastings Management Corp., a management company wholly-owned by Richard Hughes, for administration fees. See "Management Contracts" below.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth particulars of all outstanding share-based and option-based awards granted to the directors who were not NEOs and which were outstanding at February 28, 2013:

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money-options (\$) ⁽¹⁾	Number of share or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Manfred Peschke	350,000	\$ 0.20	Feb. 28/17	Nil	Nil	N/A	N/A

Option-Based Awards					Share-Based Awards		
Name	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money-options (\$) ⁽¹⁾	Number of share or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Steven Chan	350,000	\$ 0.20	Mar. 4/14	Nil	Nil	N/A	N/A
Richard Hughes	350,000	\$ 0.20	Aug. 16/13	Nil	Nil	N/A	N/A
	45,000	\$ 1.50	Aug. 16/13	Nil	Nil	N/A	N/A
	83,333	\$ 1.50	Aug. 16/13	Nil	Nil	N/A	N/A

Note:

(1) Based on the difference between the exercise price of the options and the closing price of the Company's common shares on the TSX Venture Exchange on February 28, 2013 of \$0.075.

Incentive Plan Awards – Value Vested or Earned During the Year

Although 1,050,000 stock options were granted to the aforesaid directors who were not NEOs during the year ended February 28, 2013, the market price of the common shares on the date of grant did not exceed the exercise price and, accordingly, the value vested or earned was nil. None of the directors exercised their stock options during the year ended February 28, 2013.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION

The following table sets forth information with respect to all compensation plans under which equity securities are authorized for issuance as of February 28, 2013:

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (A)	Weighted-average exercise price of outstanding options, warrants and rights (B)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (A)) (C)
Equity compensation plans ⁽¹⁾ approved by securityholders	4,702,326	\$ 0.38	5,861,174
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
TOTAL	4,702,326	\$ 0.38	5,861,174

Note:

(1) Represents the Stock Option Plan of the Company. As at February 28, 2013, the Stock Option Plan reserved shares equal to a maximum of 10% of the issued and outstanding common shares of the Company from time to time for issue pursuant to the Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

Other than indebtedness that has been entirely repaid on or before the date of this Circular, "routine indebtedness" (as defined in Form 51-102F5 – Information Circular, of the Canadian Securities Administrators) or otherwise as disclosed hereunder, none of the Directors, Senior Officers, proposed nominees for election as directors or their associates have been indebted to the Company since the beginning of the last completed financial year.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of:

- (a) the directors or senior officers of the Company at any time since the beginning of the last financial year of the Company;
- (b) the proposed nominees for election as a Director of the Company; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting exclusive of the election of directors or the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, "**Informed Person**" means (a) a Director or Executive Officer of the Company; (b) a Director or Executive Officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed elsewhere herein or in the Notes to the Company's financial statements for the financial year ended February 28, 2013, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a Director of the Company; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the last financial year of the Company or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

FINANCIAL STATEMENTS

The audited financial statements of the Company for the period ended February 28, 2013 (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 Management Discussion and Analysis, are available on SEDAR at www.sedar.com. The Notice of Annual General and Special Meeting, Information Circular, Request for Financial Statement (NI 51-102) and form of Proxy will be available from the Company's Registrar and Transfer Agent, Computershare Investor Services Inc., 510 Burrard Street, 2nd Floor, Vancouver, British Columbia, V6C 3B9, or from the Company's head office located at Suite 3123, 595 Burrard Street, PO Box 49139, Vancouver, British Columbia, V7X 1J1.

REQUEST FOR FINANCIAL STATEMENTS

National Instrument 51-102 "Continuous Disclosure Obligations" sets out the procedures for a shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format. Registered shareholders must also provide written instructions in order to receive the financial statements.

ELECTION OF DIRECTORS AND FIXING THE NUMBER OF DIRECTORS

The persons named in the enclosed Instrument 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, the names of further nominees for Directors may come from the floor at the Meeting.

Each Director of the Company is elected annually and holds office until the next Annual General Meeting of Shareholders or until his successor is duly elected, if his office is earlier vacated, in accordance with the Articles of the Company.

In the absence of instructions to the contrary, the shares represented by Proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a Director.

INFORMATION CONCERNING NOMINEES SUBMITTED BY MANAGEMENT

The following table sets out the names of the persons proposed to be nominated by Management for election as a Director, the province or state and country in which he is ordinarily resident, the positions and offices which each presently holds with the Company, the period of time for which he has been a Director of the Company, the respective principal occupations or employment during the past five years if such nominee is not presently an elected Director and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular. Three of the four nominees are currently Directors of the Company.

Name, Province and Country of Residence and Positions Held with the Company	Present Principal Occupation of Each Existing Director and Principal Occupations, Businesses or Employments of each Proposed Director Within the Five Preceding Years⁽¹⁾	Date First Became a Director	No. of Shares Beneficially Owned, Directly or Indirectly⁽¹⁾
PETER TALLMAN President, Chief Executive Officer and a Director British Columbia, Canada	Geologist; Director, Red Mile Minerals Corp.	December 4, 2013	Nil
GORDON KEEP Director British Columbia, Canada	CEO of Fiore Management and Advisory Corp. (private financial advisory firm).	December 4, 2013	260,000
JOHN PALLOT Director British Columbia, Canada	Director, Statesman Resources Ltd.	December 4, 2013	Nil
STEVEN BRUNELLE Nominee Ontario, Canada	Geologist; President and CEO of Amerix Precious Metals Corporation since January 2011; Director of Duran Ventures Inc. since July 2010; Director of Rio Silver Inc. since April 2006; Former Vice-President and Director of Stingray Copper Inc. from January 1999 to December 2009; Former director of Messina Minerals Inc. from March 1993 to December 2013.	N/A	Nil

Note:

- (1) *The information as to principal occupation, business or employment and common shares beneficially owned or controlled is not within the knowledge of management of the Company and has been furnished by the respective nominees.*

CEASE TRADE ORDERS, CORPORATE AND PERSONAL BANKRUPTCIES, PENALTIES AND SANCTIONS

Other than as set out below, no proposed director (including any personal holding company of a proposed director):

- (1) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
- (A) was the subject of a cease trade order (including a management cease trade order which applies to directors or executive officers), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer;
 - (B) was subject to an order that was issued after such person 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 a director, chief executive officer or chief financial officer;
- (2) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (3) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (4) 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 since December 31, 2000 or before December 31, 2000 the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or
 - (B) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Gordon Keep is a director of Rusoro Mining Ltd. ("Rusoro"). On May 21, 2013, the British Columbia Securities Commission ("BCSC") issued a cease trade order against Rusoro for failure to file its audited financial statements for the year ended December 31, 2012 and related MD&A. On June 5, 2013 and June 7, 2013 respectively, similar cease trade orders were issued against Rusoro by the Ontario Securities Commission ("OSC") and the Autorité des Marchés Financiers ("AMF"). On August 19, 2013 Rusoro filed its December 31, 2012 financial statements and related MD&A. On August 21, 2013, (BCSC), August 28, 2013 (AMF) and on September 4, 2013 (OSC) granted full revocations of the cease trade order issued by each of them. Rusoro was unable to file its December 31, 2012 financial statements and MD&A by the required filing deadline because it experienced significant delays in

preparing them due to the nationalization by the Venezuelan government of Rusoro's gold mining assets in Venezuela.

John Pallot, was the President of Westward Explorations Ltd. from July 2002 to March 2011 and its CEO from February 2005 to March 2011, which company filed, in October 2006, a Notice of Intention to Make a Proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada), and which obtained, in March 2007, approval from the courts of an amended proposal whereby claims of general creditors were discharged.

AUDIT COMMITTEE DISCLOSURE

The charter of the Company's audit committee and the other information required to be disclosed by Form 52-110F2 is attached to this Information Circular as Schedule "A".

APPOINTMENT AND REMUNERATION OF AUDITORS

Management recommends the re-appointment of Morgan LLP, Chartered Accountants, of Vancouver, British Columbia, as auditors for the Company, to hold office until the next Annual General Meeting of the Shareholders and the remuneration to be fixed by the Board of Directors, and the persons named in the enclosed Proxy intend to vote in favour of such re-appointment.

CORPORATE GOVERNANCE

The information required to be disclosed by National Instrument 58-101 *Disclosure of Corporate Governance Practices* is attached to this Information Circular as Schedule "B".

MANAGEMENT CONTRACTS

Management functions of the Company are, and since the beginning of the financial year ended February 28, 2013 have been, performed by the directors and senior officers of the Company and are not to any substantial degree performed by any other person or company other than:

1. Hastings Management Corp. ("HMC"), a management company wholly owned by Richard W. Hughes, a former director of the Company, was paid \$180,000 during the year ended February 28, 2013 (2012: \$333,000) pursuant to its administrative services contract with the Company for services including providing access to full accounting services, secretarial services, providing office furniture, boardroom facilities, access to photocopier, fax and such other amenities normally associated with executive offices.
2. Pursuant to the November 1, 2013 corporate administration and financial advisory services agreement with Fiore Management & Advisory Corp. ("Fiore") of Vancouver, British Columbia, Fiore is being paid a monthly work fee of \$10,000. The term of this agreement is for a period of twelve months and shall continue thereafter on a month-to-month basis, subject to termination on 30 days written notice.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

A. ADOPTION OF NEW ARTICLES

The Company is seeking shareholder approval of a new form of Articles (the "New Articles") providing the Company with greater flexibility for future corporate activities and which will result in efficiencies and greater cost-effectiveness.

Management believes the major changes from the existing Articles are:

- (a) to include advance notice provisions in connection with the election of directors, as more particularly described below;
- (b) to allow the Board of Directors to issue Preferred Shares in one or more series and to set rights and restrictions attaching to the Preferred Shares of the Company as more particularly described below;

- (c) to allow alterations to the share structure of the Company and the name of the Company by directors resolution rather than by Special Resolution of the Shareholders, and to allow alterations to the Articles, where the *Business Corporations Act* (British Columbia) and the Articles do not specify another type of resolution, by Ordinary Resolution of Shareholders rather than by Special Resolution of Shareholders, as more particularly described below; and
- (d) to change the quorum for the transaction of business at a Shareholders' meeting from two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting to two (2) shareholders present in person or represented by proxy.

Shareholders will be asked to consider and, if thought fit, to pass the following special resolution:

"RESOLVED, as a Special Resolution that:

- (a) the Company adopt the New Articles in substitution for the existing Articles of the Company;
- (b) any director or officer of the Company is authorized to execute and file such documents and take such further action, including any filings with the Registrar of Companies (British Columbia), that may be necessary to effect the amendment;
- (c) the New Articles will not take effect until the Company's Notice of Articles is altered to reflect the alteration to the Company's existing Articles by the New Articles; and
- (d) the Board of Directors of the Company is hereby authorized, at any time in its sole discretion, to determine whether or not to proceed with this resolution without further approval, ratification, or confirmation by the Shareholders, as more particularly described in and subject to the restrictions described in the Company's information circular dated January 10, 2014.

The New Articles shall have effect immediately on the date and time the Notice of Articles is altered by filing Form 11 – Notice of Alteration with the Registrar of Companies (British Columbia).

Management recommends that Shareholders vote for the approval of this resolution and the persons named in the enclosed form of proxy intend to vote FOR such resolution. In order to pass the resolution, at least two thirds of the votes cast by holders of common shares, present in person or by proxy at the Meeting, must be voted in favour of the resolution.

A copy of the new Articles is available for viewing up to the date of the Meeting at Suite 1600, 609 Granville Street, Vancouver, British Columbia, V7Y 1C3, and at the Meeting. A complete copy of the proposed New Articles will be mailed, free of charge, to any holder of common shares who requests a copy, in writing, from the Corporate Secretary of the Company. Any such requests should be mailed to the Company at its head office to the attention of the Corporate Secretary.

ADVANCE NOTICE PROVISIONS

Background

The Board has determined that it would be appropriate and in the best interests of the Company to implement a requirement for advance notice in connection with the election of directors and include such provisions in the Company's New Articles ("Advance Notice Provisions"). The following is a summary of the proposed Advance Notice Provisions.

Purpose of the Advance Notice Provisions

The purpose of the Advance Notice Provisions is to provide Shareholders, directors and management of the Company with direction on the procedure for Shareholder nomination of directors. The Advance Notice Provisions are the framework pursuant to which the Company fixes a deadline by which holders of record of common shares must submit director nominations to the Company prior to any annual or special meeting of Shareholders and set forth the information that a Shareholder must include in the notice to the Company for the nomination notice to be in proper written form.

Effect of the Advance Notice Provisions

Subject to the *Business Corporations Act* (British Columbia) ("BCA"), the Advance Notice Provisions to be incorporated into the Company's New Articles provide that only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the Board may be made with respect to any annual meeting of Shareholders or at any special meeting of Shareholders if one of the purposes for which the special meeting was called was the election of directors:

- (i) by or at the direction of the board, including pursuant to a notice of meeting;
- (ii) by or at the direction or request of one or more Shareholders pursuant to a proposal made in accordance with the provisions of the BCA, or a requisition of the Shareholders made in accordance with the provisions of the BCA ; or
- (iii) by any person (a "Nominating Shareholder"):
 - (a) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
 - (b) who complies with the notice procedures set forth below.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Company at the principal executive offices of the Company.

To be timely, a Nominating Shareholder's notice to the Secretary of the Company must be made:

- (i) in the case of an annual meeting of Shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of Shareholders; provided, however, that in the event that the annual meeting of Shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
- (ii) in the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of Shareholders was made.

In no event shall any adjournment or postponement of a meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Company must set forth the name, age, business address, residential address and principal occupation or employment of the proposed nominee, and the security holdings of the Company which are controlled or which are owned beneficially or of record by the person. In addition, the notice by the Nominating Shareholder must also disclose any other information relating to the proposed nominee as well as any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the BCA and applicable securities laws.

The Company may require any proposed nominee to furnish such other information as may reasonably be requested by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable Shareholder's understanding of the independence, or lack thereof, of such proposed nominee. No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Provisions; provided, however, that nothing in the Advance Notice Provisions shall be deemed to preclude discussion by a Shareholder (as distinct from the nomination of directors) at a meeting of Shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the BCA.

The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding any other provision of the Advance Notice Provisions, notice given to the Secretary of the Company pursuant to the Advance Notice Provisions may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

The Advance Notice Provisions apply to the Company so long as the Company is a public company.

AUTHORIZED SHARE STRUCTURE

The Company's current Notice of Articles provide that the authorized share capital of the Company consists of an unlimited number of common shares without par value and without special rights or restrictions. The New Articles and altered Notice of Articles will provide that the authorized share capital will consist of an unlimited number of common shares without par value and without special rights and restrictions and an unlimited number of preferred shares without par value issuable in series with such special rights and restrictions as may be determined by the Board of Directors of the Company. The following is an excerpt from the New Articles setting out the authorized share structure of the Company:

"2.1 Authorized Share Structure

The authorized share structure of the Company is as follows:

- (1) An unlimited number of common shares (the "Common Shares"), without nominal or par value, having attached thereto the rights, privileges, restrictions and conditions as set forth below:
 - (a) The holders of the Common Shares shall be entitled to receive notice of and to vote at every meeting of the shareholders of the Company and shall have one vote thereat for each Common Share so held;
 - (b) Subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares of the Company, the Board of Directors may from time-to-time declare a dividend, and the Company shall pay thereon out of the monies of the Company properly applicable to the payment of the dividends to the holders of Common Shares. For the purpose hereof, the holders of Common Shares receive dividends as shall be determined from time-to-time by the Board of Directors whose determination shall be conclusive and binding upon the Company and the holders of Common Shares; and
 - (c) Subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares of the Company, in the event of liquidation, dissolution or winding-up of the Company or upon any distribution of the assets of the Company among shareholders being made (other than by way of dividend out of the monies properly applicable to the payment of dividends) the holders of Common Shares shall be entitled to share equally.
- (2) An unlimited number of Preferred Shares, without nominal or par value, having attached thereto the rights, privileges, restrictions and conditions as set forth below:
 - (a) The Board of Directors of the Company may from time-to-time issue the Preferred Shares in one or more series, each series to consist of such numbers of shares as may before issuance thereof be determined by the Board of Directors;
 - (b) The Board of Directors of the Company may by resolution alter the Articles of the Company (subject as hereinafter provided) to create any series of Preferred Shares and to fix before issuance, the designation, rights, privileges, restrictions and conditions to attach to the Preferred Shares of each series, including, without limiting the generality of

the foregoing, the rate, form, entitlement and payment of preferential dividends, the dates and place to payment thereof, the redemption price, terms, procedures and conditions of redemption, if any, voting rights and conversion rights (if any) and any sinking fund, purchase fund or other provisions attaching to the Preferred Shares of such series; and provided, however, that no shares of any series shall be issued until the Company has filed an alteration to the Notice of Articles with the Registrar of Companies, or such designated person in any other jurisdiction in which the Company may be continued.

- (c) If any cumulative dividends or amounts payable on return of capital in respect of a series of shares are not paid in full the shares of all series shall participate rateably in respect of accumulated dividends and return of capital;
- (d) The Preferred Shares shall be entitled to preference over the Common Shares of the Company and any other shares of the Company ranking junior to the Preferred Shares with respect to the payment of dividends, if any, and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, and may also be given such other preferences over the Common Shares and any other shares of the Company ranking junior to the Preferred Shares as may be fixed by the resolution of the board of Directors of the Company as to the respective series authorized to be issued;
- (e) The Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series with respect to priority and payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, exclusive of any conversion rights that may affect the aforesaid;
- (f) No dividends shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the Preferred Shares unless all dividends, if any, up to and including the dividend payable for the last completed period for which such dividend shall be payable on each series of the Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Company ranking junior to the Preferred Shares nor shall the Company call for redemption or redeem or purchase for cancellation or reduce or otherwise pay off any of the Preferred Shares (less than the total amount then outstanding) or any shares of the Company ranking junior to the Preferred Shares unless all dividends up to and including the dividend payable on each series of the Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment;
- (g) Preferred Shares of any series may be purchased for cancellation or made subject to redemption by the Company out of capital pursuant to the provisions of the Business Corporations Act, if the Board of Directors so provide in the resolution of the Board of Directors of the Company relating to the issuance of such Preferred Shares, and upon such other terms and conditions as may be specified in the designations, rights, privileges, restrictions and conditions attaching to the Preferred Shares of each such series as set forth in the said Resolution of the Board of Directors and Articles of Amendment of the Company relating to the issuance of such series;
- (h) The holders of the Preferred Shares shall not, as such, be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or bonds, debentures or other securities of the Company now or hereafter authorized; and
- (i) No class of shares may be created or rights and privileges increased to rank in parity or priority with the Preferred Shares with regard to the rights and privileges thereof and without limiting the generality of the foregoing, capital and dividends, without the approval of the holders of the Preferred Shares."

ALTERATIONS

The Company's current Articles provide that certain alterations to the authorized share structure of the Company, such as the creation of new classes or series of shares, subdivisions or consolidations of shares and changes in par value of shares requires a Special Resolution of Shareholders. The current Articles also provide that a change in the name of the Company requires a Special Resolution of Shareholders. The New Articles will allow such alterations to be made by directors' resolution. The Company's current Articles also provide that if the BCA does not specify the type of resolution and the Articles do not specify another type of resolution, the Company may by Special Resolution alter the Articles. The New Articles will provide that such alterations can be made by Ordinary Resolution. The following is an excerpt from the current Articles in respect of alterations:

"9.1 **Alteration of Authorized Share Structure.** Subject to Article 9.2 and the *Business Corporations Act*, the Company may be special resolution:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares is allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

9.2 **Special Rights and Restrictions.** Subject to the *Business Corporations Act*, the Company may by special resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 **Change of Name.** The Company may by special resolution authorize an alteration of its Notice of Articles in order to change its name.

9.4 **Other Alterations.** If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles."

The following provisions in the New Articles will replace sections 9.1 to 9.4 of the current Articles:

"9.1 **Alteration of Authorized Share Structure**

- (1) Subject to the *Business Corporations Act*, the Company may by resolution of the board of directors:
 - (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;

- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subject to Article 2.1(2), alter the identifying name of any of its shares;
- (d) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (e) if the Company is authorized to issue shares of a class of shares with par value:
 - (A) decrease the par value of those shares; or
 - (B) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (f) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value; or
- (g) subject to Article 2.1(2), otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

9.2 Change of Name

The Company may by resolution of the board of directors authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

9.3 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles."

B. ADOPTION AND APPROVAL OF AMENDED STOCK OPTION PLAN

At last year's annual general meeting, the Company proposed and its Shareholders re-approved a 10% "rolling" stock option plan. Under the policies of the Exchange, a rolling stock option plan must be re-approved on a yearly basis by Shareholders. Shareholders will be asked to pass an ordinary resolution adopting and approving the Company's "rolling" stock option plan (the "**Amended Option Plan**") which has been amended for certain administrative changes and, in response to recent changes imposed by the Exchange, to add a provision respecting blackout periods (see (o) below) and to disclose that the minimum exercise price per common shares of a stock option must not be less than \$0.05 (see (g) below). Some of the key provisions of the Amended Option Plan are as follows:

- (a) the Amended Option Plan reserves, for issuance pursuant to the exercise of stock options, a maximum number of common shares of the Company equal to up to a maximum of 10% of the issued common shares of the Company at the time of any stock option grant;
- (b) under Exchange policy, an Optionee must either be an Eligible Charitable Organization or a Director, Employee or Consultant of the Company at the time the option is granted in order to be eligible for the grant of a stock option to the Optionee;
- (c) the aggregate number of options granted to any one Person (and companies wholly owned by that Person) in a 12 month period must not exceed 5% of the issued common shares of the Company calculated on the date an option is granted to the Person (unless the Company has obtained the requisite Disinterested Shareholder Approval);
- (d) the aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the issued common shares of the Company, calculated at the date an option is granted to the Consultant;
- (e) the aggregate number of options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the issued shares of the Company in any 12 month period, calculated at the date an option is granted to any such Person;

- (f) options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any 3 month period;
- (g) the minimum exercise price per common share of a stock option must not be less than the Market Price of the common shares of the Company, subject to a minimum exercise price of \$0.05;
- (h) options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a "blackout period" (see (o) below);
- (i) stock options (other than options held by a person involved in investor relations activities) will cease to be exercisable 90 days after the optionee ceases to be a Director (which term includes a senior officer), Employee, Consultant, Eligible Charitable Organization or Management Company Employee otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the board of directors of the Company. Stock options granted to persons involved in Investor Relations Activities will cease to be exercisable 30 days after the optionee ceases to serve in such capacity otherwise than by death, or for a "reasonable period" after the optionee ceases to serve in such capacity, as determined by the board of directors of the Company;
- (j) all options are non-assignable and non-transferable;
- (k) Disinterested Shareholder Approval will be obtained for any reduction in the exercise price of a stock option if the Optionee is an Insider of the Company at the time of the proposed amendment;
- (l) the Amended Option Plan contains provisions for adjustment in the number of common shares or other property issuable on exercise of a stock option in the event of a share consolidation, split, reclassification or other capital reorganization, or a stock dividend, amalgamation, merger or other relevant corporate transaction, or any other relevant change in or event affecting the common shares;
- (m) upon the occurrence of an Accelerated Vesting Event (as defined in the Amended Option Plan), the Board will have the power, at its sole discretion and without being required to obtain the approval of shareholders or the holder of any stock option, to make such changes to the terms of stock options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of stock options, conditionally or unconditionally; (b) terminating every stock option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the stock options are proposed to be granted to or exchanged with the holders of stock options, which replacement options treat the holders of stock options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of common shares under such transaction; (c) otherwise modifying the terms of any stock option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any stock option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of the Amended Option Plan be final, conclusive and binding;
- (n) in connection with the exercise of an Option, as a condition to such exercise the Company shall require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such Option; and
- (o) an Option will be automatically extended past its expiry date if such expiry date falls within a blackout period during which the Company prohibits optionees from exercising their options, subject to the following requirements: (a) the blackout period must (i) be formally imposed by the Company pursuant to its internal trading policies; and (ii) must expire upon the general disclosure of undisclosed Material Information; and (b) the automatic extension of an optionee's Option will not be permitted where the optionee or the Company is subject to a cease trade order (or similar order under Securities Laws) in respect of the Company's securities.

"Consultant", "Director", "Disinterested Shareholder Approval", "Eligible Charitable Organization", "Employee", "Investor Relations Activities", "Management Company Employee", "Market Price", "Material Information", "Person" and "Securities Laws" all have the same definition as in the policies of the TSX Venture Exchange.

Pursuant to the Board's authority to govern the implementation and administration of the Company's stock option plan, all previously granted and outstanding stock options shall be governed by the provisions of the Amended Option Plan.

Management recommends, and the persons named in the enclosed form of Proxy intend to vote in favour of, the adoption and approval of the Amended Option Plan.

The text of the resolution to be passed is as follows. In order to be passed, a majority of the votes cast at the Meeting in person or by proxy must be voted in favour of the resolution.

"BE IT RESOLVED THAT the Company's Amended Option Plan, be and is hereby ratified, confirmed and approved with such additional provisions and amendments, provided that such are not inconsistent with the policies of the TSX Venture Exchange, as the directors of the Company may deem necessary or advisable."

OTHER MATTERS

As of the date of this information circular, management knows of no other matters to be acted upon at this Meeting. However, should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the 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 Management Discussion and Analysis may be obtained without charge upon request from the Company at Suite 3123, 595 Burrard Street, Vancouver, British Columbia, V7X 1J1, or by telephone: (604) 609-6110 and such documents will be sent by mail or electronically by email as may be specified at the time of the request.

DIRECTOR APPROVAL

The contents of this Information 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 10th day of January, 2014.

"Peter Tallman"

Peter Tallman,
Chief Executive Officer, President & Director

KLONDIKE GOLD CORP.
(the "Company")

SCHEDULE "A"
FORM 52-110F2

AUDIT COMMITTEE DISCLOSURE

ITEM 1: THE AUDIT COMMITTEE'S CHARTER

Purpose

The overall purpose of the Audit Committee (the "Committee") of Klondike Gold Corp. (the "Company") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company, and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. It is the intention of the Board that through the involvement of the Committee, the external audit will be conducted independently of the Company's Management to ensure that the independent auditors serve the interests of Shareholders rather than the interests of Management of the Company. The Committee will act as a liaison to provide better communication between the Board and the external auditors. The Committee will monitor the independence and performance of the Company's independent auditors.

Composition, Procedures and Organization

1. The Committee shall consist of at least three members of the Board of Directors (the "Board").
2. At least two (2) members of the Committee shall be independent and the Committee shall endeavour to appoint a majority of independent directors to the Committee, who in the opinion of the Board, would be free from a relationship which would interfere with the exercise of the Committee members' independent judgment. At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices applicable to the Company. For the purposes of this Charter, an individual is financially literate if he or she 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.
3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
5. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
6. The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
7. Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;

- (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
 - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
8. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

Roles and Responsibilities

1. The overall duties and responsibilities of the Committee shall be as follows:
- (a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements and related financial disclosure;
 - (b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
 - (c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
 - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
 - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
 - (c) review the audit plan of the external auditors prior to the commencement of the audit;
 - (d) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Company's financial and auditing personnel;
 - (iv) co-operation received from the Company's personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Company;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;

- (e) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles; and
 - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
3. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- (a) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
 - (b) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
 - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
 - (d) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
4. The Committee is also charged with the responsibility to:
- (a) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
 - (b) review and approve the financial sections of:
 - (i) the annual report to Shareholders;
 - (ii) the annual information form, if required;
 - (iii) annual and interim MD&A;
 - (iv) prospectuses;
 - (v) news releases discussing financial results of the Company; and
 - (vi) other public reports of a financial nature requiring approval by the Board,and report to the Board with respect thereto;
 - (c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
 - (d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (e) review and report on the integrity of the Company's consolidated financial statements;
 - (f) review the minutes of any audit committee meeting of subsidiary companies;

- (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- (h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
- (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.

5. The Committee shall have the authority:

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

ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE

The current members of the Committee are Gordon Keep, John Pallot and Manfred Peschke. All of the members are financially literate and all are independent except for Gordon Keep. "Independent" and "Financially Literate" have the meaning used in National Instrument 52-110 ("NI 52-110") of the Canadian Securities Administrators.

ITEM 3: RELEVANT EDUCATION AND EXPERIENCE

NI 52-110 provides that an individual is "financially literate" if he or she 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.

All of the members of the Company's audit committee are financially literate as that term is defined in NI 52-110.

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

Gordon Keep - Mr. Keep has a Master of Business Administration degree from the University of British Columbia and many years' experience in the capacities of director, officer and audit committee member of public companies operating in the natural resource sector.

John Pallot – Mr. Pallot has over 25 years experience in the telecommunications industry. He has served as the President and a Director of several other public companies since 1993. These junior resource companies have been focused primarily on resource exploration throughout Canada and South America.

Manfred Peschke – Mr. Peschke has obtained three years of vocational training in business and accounting in Germany and has taken a three year business Management Certificate course from the University of Alberta. He began his career in the Yukon as an Accountant for the Keno Hill Mine's transportation division. He then joined the Caterpillar dealer in the Yukon where he became the company's controller, a position he held for nine years. Following his experience with Caterpillar, Mr. Peschke founded his own consulting company for the mining industry and also co-founded Data Systems Processing which produced information systems for Municipal, Territorial and Federal Governments as well as large corporate clients. Later Mr. Peschke was Managing Director during the development of an alluvial mining company which was one of the largest in the Yukon at that time. He followed this by forming a private company dedicated to mining and exploration which was subsequently moved to South America. In South America Mr. Peschke was a Director for Carson Gold Mines Inc. where he oversaw the exploration of a number of gold properties in Venezuela. He and two partners founded Infinito Gold Ltd. ("Infinito") in 1995 and brought it public in 1996. Until 2004, Mr. Peschke was President of Infinito and had overall responsibility for all aspects of operating the Company including preparations of financial statements and financial

reporting. Mr. Peschke resigned as President on January 2004 and became Chairman of the Board of Directors, a position he held until May 15, 2007.

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, Morgan 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 relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board of Directors, and where applicable by the Audit Committee, on a case by case basis.

ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

The aggregate fees charged to the Company by the external auditor in each of the last two fiscal years are as follows

	<u>FYE 2013</u>	<u>FYE 2012</u>
Audit fees	\$ 35,500	\$ 36,201
Audit related fees	Nil	Nil
Tax Fees	5,400	2,700
All other fees	Nil	Nil
Total Fees:	\$ 40,900	\$ 38,901

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) of NI 52-110.

KLONDIKE GOLD CORP.
(the "Company")

SCHEDULE "B"
CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* the Company is required to and hereby discloses its corporate governance practices as follows.

ITEM 1. BOARD OF DIRECTORS

The board of directors (the "Board") is comprised of four (4) directors. Three of the directors are independent and one is not independent. The Board considers that Gordon Keep, John Pallot and Manfred Peschke are independent directors. Peter Tallman is not an independent director. The Board of Directors of the Company facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

Peter Tallman is not an independent director because of his positions as Chief Executive Officer and President of the Company. The Board is responsible for determining whether or not each director is an independent director. To do this, the Board analyzes all the relationships of the directors with the Company and its subsidiaries. Those directors who do not meet the meaning of independence as provided in NI 58-101 were deemed to not be independent directors. More information about each director can be found in this Circular.

ITEM 2. DIRECTORSHIPS

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

Name of Director	Name of Reporting Issuer
Peter Tallman	Red Mile Minerals Corp.
Gordon Keep	Catalyst Copper Corp. Eastern Platinum Limited Encanto Potash Corp. Oceanic Iron Ore Corp. Peregrine Diamonds Ltd. Petromanas Energy Inc. Rusoro Mining Ltd. Uracan Resources Ltd.
John Pallot	Statesman Resources Ltd.
Manfred Peschke	Infinito Gold Ltd.

ITEM 3. ORIENTATION AND CONTINUING EDUCATION

The Board of Directors of the Company brief all new directors with the policies of the Board of Directors, and other relevant corporate and business information.

ITEM 4. ETHICAL BUSINESS CONDUCT

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise

in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction. The director must then abstain from voting on the contract or transaction unless the contract or transaction (i) relates primarily to their remuneration as a director, officer, employee or agent of the Company or an affiliate of the Company, (ii) is for indemnity or insurance for the benefit of the director in connection with the Company, or (iii) is with an affiliate of the Company. If the director abstains from voting after disclosure of their interest, the directors approve the contract or transaction and the contract or transaction was reasonable and fair to the Company at the time it was entered into, the contract or transaction is not invalid and the director is not accountable to the Company for any profit realized from the contract or transaction. Otherwise, the director must have acted honestly and in good faith, the contract or transaction must have been reasonable and fair to the Company and the contract or transaction be approved by the shareholders by a special resolution after receiving full disclosure of its terms in order for the director to avoid such liability or the contract or transaction being invalid.

ITEM 5. NOMINATION OF DIRECTORS

The Board of Directors is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

ITEM 6. COMPENSATION

The Board of Directors conducts reviews with regard to directors' and officers' compensation once a year. To make its recommendation on directors' and officers' compensation, the Board of Directors relies solely on the experience and knowledge of its members.

ITEM 7. OTHER BOARD COMMITTEES

The Board of Directors has no other committees other than the Audit Committee.

ITEM 8. ASSESSMENTS

The Board of Directors monitors the adequacy of information given to directors, communication between the board and management and the strategic direction and processes of the board and committees.