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MANAGEMENT PROXY CIRCULAR

as at August 19, 2014
(except as otherwise indicated)

This Management Proxy Circular is furnished in connection with the solicitation of proxies by the management of Evolving Gold Corp. (the "Corporation") for use at the annual and special meeting (the "Meeting") of its shareholders to be held on Monday, September 30, 2014 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

In this Management Proxy Circular, references to "the Corporation", "we" and "our" refer to **Evolving Gold Corp.** "Shares" means common shares without par value in the capital of the Corporation. "Beneficial Shareholders" means shareholders who do not hold Shares in their own name and "intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. The Corporation will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the "Proxy") are directors and/or officers of the Corporation**. If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

(a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;

(b) any amendment to or variation of any matter identified therein; and

(c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders may choose one of the following options to submit their proxy:

(a) completing, dating and signing the enclosed form of proxy and returning it to the Corporation's transfer agent, Computershare Trust Company of Canada ("Computershare"), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9;

(b) use a touch-tone phone to transmit voting choices to a toll free number. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or

(c) use the internet through the website of the Corporation's transfer agent at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In all cases the Registered Shareholder must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting, or the adjournment thereof, at which the proxy is to be used.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Corporation as the registered holders of Common Shares) or as set out in the following disclosure.

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 Corporation. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "intermediary"). In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depositary for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial owners – those who object to their name being made known to the issuers of securities which they own (called "OBOS" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for Non-Objecting Beneficial Owners).

The Corporation is taking advantage of the provisions of National Instrument 54-101 "*Communication with Beneficial Owners of Securities of a Reporting Issuer*" that permit it to directly deliver proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from our transfer agent. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Corporation. If you are a non-registered owner, and the Corporation or its agent sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

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

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Corporation. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge") in the United States and in Canada. Broadridge mails a VIF in lieu of a proxy provided by the Corporation. The VIF will name the same persons as the Corporation's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting, and that person may be you. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting, and the appointment of any shareholder's representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted at the Meeting and to vote your Common Shares at the Meeting.**

Notice to Shareholders in the United States

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act* of 1934, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

(a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or to the address of the registered office of the Corporation at 1500 Royal Centre, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or

(b) personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than as may be set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Board has fixed August 19, 2014 as the record date (the "Record Date") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting.

The Corporation is authorized to issue an unlimited number of Common Shares. As of the Record Date, August 19, 2014, there were 188,593,529 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Shares.

The Corporation moved its listing from the Toronto Stock Exchange to the Canadian Securities Exchange. The Corporation's Common Shares began trading on July 25, 2014 on the Canadian Securities Exchange.

To the knowledge of the directors and executive officers of the Corporation, the holder that beneficially owned, directly or indirectly, or exercised control or direction over, Shares carrying more than 10% of the voting rights attached to all outstanding Shares of the Corporation as at August 19, 2014 is:

Shareholder Name[(1)]	**Number of Shares Held**	**Percentage of Issued Shares**
Goldcorp Inc.	19,047,721	10.10%[(2)]

Notes:

(1) The above information was supplied to the Corporation by the shareholder and from the insider reports available at www.sedi.ca.

(2) On August 23, 2011 the Corporation completed a private placement of 10,290,000 Units, each Unit being comprised of one Share and one-half of one Share purchase warrant. Assuming none of the warrants were exercised as at close of business on August 19, 2014, there were 188,593,529 Shares issued and outstanding and, as a result, Goldcorp Inc.'s ownership percentage changed to 10.10%, assuming no warrants were exercised.

FINANCIAL STATEMENTS

Copies of the audited financial statements of the Corporation for the fiscal year ended March 31, 2014, report of the auditor and related management discussion and analysis are being mailed to registered shareholders of the Corporation, and to those non registered shareholders who returned last year's Request Card. Additional information relating to these documents may be obtained from Charles E. Jenkins, Corporate Secretary of the Corporation. These documents are also available through the Internet on SEDAR, which can be accessed at www.sedar.com. These documents will be available at the Meeting.

ELECTION OF DIRECTORS

The Articles of the Corporation provide that the number of directors of the Corporation will be a minimum of one and a maximum of 10. The directors have determined that in the Corporation's current state of operations, the number of directors required to effectively administer the Corporation and perform the necessary executive functions is three. The term of office of each of the Corporation's current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Canada Business Corporations Act*, each director elected will hold office until the conclusion of the next annual meeting of the Corporation, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's three nominees for election as director, all major offices and positions with the Corporation and any of its significant affiliates each now holds, the period of time during which each has been a director of the Corporation and the number of Shares of the Corporation beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at August 19, 2014. Each nominee's principal occupation, business or employment is set out under Director Biographies below.

Name, Municipality of Residence and Position Held	**Principal Occupation for the Past Five Years**	**Director of the Corporation Since**	**Number of Shares Beneficially Owned or Controlled[(1)]**
R. Bruce Duncan Director and Chief Executive Officer Ontario, Canada	President of West Oak Capital Partners Inc. since March 1997; CEO & Director Canada Carbon Inc. since December 2005; CEO & Director Canada Coal Inc. since August 2010; CEO & Director Prosperity Goldfields Corp. October 2010 to April 2012; CEO & Director AusPotash Corp. July 2008 to September 2009.	Director Since May 21, 2010 Officer Since February 22, 2012	14,801,000[(5)]

Name, Municipality of Residence and Position Held	Principal Occupation for the Past Five Years	Director of the Corporation Since	Number of Shares Beneficially Owned or Controlled[1]
William (Bill) Majcher[1][2][3] Director Hong Kong, China	Executive Director of China Investment Fund since October 2007; director of Canfe Ventures Ltd. since January 2008; Managing Director for International Business, Baron International Limited, a Hong Kong based merchant bank.	Director Since September 21, 2007	50,000[6]
Robert Horsley[1][2][3] Director British Columbia, Canada	Consultant. Mr. Horsley has over eight years of public issuer experience in investor relations, exploration management and merger & acquisitions. He is a cofounder and a consultant to several private mining companies.	Director Since March 4, 2014	Nil

Notes:

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance Committee
(4) The information as to principal occupation, business or employment and Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees.
(5) Of these common shares, Mr. Duncan holds 100,000 common shares indirectly under West Oak Capital Partners Inc., a private company owned by Mr. Duncan. Mr. Duncan also holds options to purchase 1,750,000 Shares (see Statement of Executive Compensation below).
(6) Mr. Majcher also holds options to purchase 985,500 Shares (see Statement of Executive Compensation below).
(7) Mr Horsley holds nil options to purchase Shares (see Statement of Executive Compensation below).

Director Biographies

R. Bruce Duncan – Director

Mr. Duncan has over 30 years' experience in the capital market and brokerage industry. Mr. Duncan is currently the Principal of West Oak Capital Partners Inc., which provides strategic advisory services, including identifying and qualifying merger and acquisition candidates and advising in public transactions. Mr. Duncan's client base at West Oak Capital Partners Inc. has included financial services, aviation, mining, oil and gas, logistics, and retail industries. Mr. Duncan currently sits on the boards of several private companies and is the Executive Chairman of Canada Coal Inc. (TSXV), a company focused on coal exploration and development, the Executive Chairman and Interim CEO of Canada Carbon Inc. (formerly Bolero Resources Corp.), a mineral exploration and development company (TSXV), and the former CEO of Prosperity Goldfields Corp. Mr Duncan also has extensive experience advising corporate takeovers, both friendly and hostile, either by designing and executing effective approaches to acquiring assets or by implementing defensive strategies.

William (Bill) Majcher – Director

Mr. Majcher is currently based in Hong Kong as Chief Executive Officer of Sunwah International Asset Management, a global asset management business focused on natural resources and growth and emerging markets. He is also an executive director of China Investment Fund, a listed investment fund on the Hong Kong Stock Exchange. Mr. Majcher is also the managing director for International Business, Baron International Limited, a Hong Kong based merchant bank. Additionally, Mr. Majcher is currently acting as a Director of a China focused private equity fund and was formerly a director of a Hong Kong based hedge fund. Mr. Majcher is also an advisor to various private and public companies and associations. Mr. Majcher retired from the RCMP in 2007 with the rank of Inspector after 22 years of public service.

Robert Horsley – Director

Mr. Horsley has over eight years of public issuer experience in investor relations, exploration management and merger & acquisitions. He is a co-founder and a consultant to several private mining companies.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as disclosed below, during the ten years preceding the date of this Management Proxy Circular, no director or officer of the Corporation or a security holder who holds a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has, to the knowledge of the Corporation, been a director, officer or promoter of any person or company that, while such individual was acting in that capacity:

(a) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or

(c) 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.

Charles Jenkins, the Corporation's Chief Financial Officer and Corporate Secretary, was formerly a director and officer of White Mountain Titanium Corporation ("White Mountain"), a U.S. incorporated and OTCBB quoted company which is proceeding towards final feasibility and conducting further exploration on a wholly-owned Chilean rutile property. White Mountain was subject to a cease trade order by the BCSC from January 16, 2008 to April 30, 2008 due to a failure to file a technical report in compliance with NI 43-101 to support a previously disclosed, internally prepared mineral resource estimate. The cease trade order was lifted on April 30, 2008 upon the acceptance by the BCSC of a complete, independent technical report filed by White Mountain with the BCSC on February 29, 2008. This technical report confirmed the White Mountain's resource estimate. White Mountain is not listed on any Canadian stock exchange and was not a reporting issuer in British Columbia during the time the cease trade order was in effect. Under provisions relating to OTCBB quoted companies contained in British Columbia Policy 51-509 - *Issuers Quoted in the US Over-The-Counter Markets* which came into effect September 15, 2008, White Mountain is currently deemed a reporting issuer in British Columbia.

During the ten year period preceding the date of this Management Proxy Circular, no director or officer of the Corporation or a security holder who holds a sufficient number of securities of the Corporation to affect materially the control of the Corporation has 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 director, officer or shareholder.

Majority Voting Policy

The Corporation's Corporate Governance Committee makes recommendations regarding nominations to the Board. Nominees are chosen by the Board having regard for their competencies, skills and experience. Other individuals may be nominated by shareholders at annual meetings, in which case the nominees who receive the greatest number of votes will be elected to the Board. This process complies with Canadian corporate and securities laws.

The adoption of a majority voting policy is currently under review and additional consideration is required before determining whether to adopt such a policy. The Corporation operates in a highly regulated industry. In reviewing this issue, the Board will need to take adequate time to consider the implications of adopting a majority voting policy given the regulatory environment in which it operates.

APPOINTMENT OF AUDITOR

BDO Canada LLP, Chartered Accountants, 600 Cathedral Place, 750 West Pender Street, Vancouver, British Columbia, will be nominated at the Meeting for re-appointment as auditor of the Corporation and authorizing the directors to fix their remuneration.

AUDIT COMMITTEE

National Instrument 52-110 *Audit Committees* ("NI 52-110"), of the Canadian Securities Administrators, the Canadian regulatory policy respecting audit committees, requires the Corporation to disclose annually certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

Audit Committee Charter

A copy of the Audit Committee Charter is attached as Schedule "A" to the Annual Information Form for the Corporation at year ending March 31, 2014 and filed on www.sedar.com.

Composition of the Audit Committee

The Corporation has an audit committee, which advises the Board with respect to the engagement of the independent auditors of the Corporation and reviews the scope and results of the Corporation's audits with the independent auditors, the Corporation's internal accounting controls, and the professional services furnished by the independent auditors to the Corporation. At March 31, 2014 the members of the audit committee were comprised of: William (Bill) Majcher (Chair) and Robert Horsley. The current members of the Audit Committee are independent as defined in NI 52-110 and are considered to be financially literate. The audit committee typically meets each quarter.

A member of the audit committee is independent if the member has no direct or indirect material relationship with the Corporation. A material relationship means a relationship which could, in the view of the Corporation's board of directors, reasonably interfere with the exercise of a member's independent judgment.

A member of the audit committee is considered 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 Corporation.

Relevant Education and Experience

See disclosure under Director Biographies above for the current members of the audit committee. The members of the audit committee have:

(a) an understanding of the accounting principles used by the issuer to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising individuals engaged in such activities; and

(c) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, the audit committee has not made any recommendations to the Board to nominate or compensate any external auditor, which were not adopted by the Board.

Reliance on Certain Exemptions

The Corporation has not, since the commencement of its most recently completed financial year, relied on (a) the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or (b) an exemption, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

See the Audit Committee Charter for specific policies and procedures adopted by the audit committee for the engagement of non-audit services.

External Auditor Service Fees

The audit committee has reviewed the nature and amount of the non-audited services provided by BDO Canada LLP to the Corporation to ensure auditor independence. Fees incurred with BDO Canada LLP for audit and non-audit services in the last two fiscal years are outlined in the following table.

Nature of Services	Fees Paid to Auditor in Year Ended March 31, 2014	Fees Paid to Auditor in Year Ended March 31, 2013
Audit Fees[(1)]	$49,980	$138,766
Audit-Related Fees[(2)]	Nil	Nil
Tax Fees[(3)]	$4,750	$13,200
All Other Fees[(4)]	Nil	Nil
Total	$54,730	$151,966

Notes:

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Corporation's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" include all other non-audit services.

CORPORATE GOVERNANCE

General

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. The Canadian Securities Administrators (the "CSA") have adopted National Instrument 58-201 Corporate Governance Guidelines, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, the CSA has implemented National Instrument 58-101F2 Disclosure of Corporate Governance Practices (Venture Issuers), which prescribes certain disclosure by the Corporation of its corporate governance practices.

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the corporation. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Board of Directors

The Board has developed written position descriptions for the Board chair and the chair of each Board committee.

The Board has, together with the Chief Executive Officer, developed a written position description for the Chief Executive Officer. As well, the Board meets at least quarterly with the Chief Executive Officer to review and approve the Chief Executive Officer's quarterly and annual objectives.

The Chief Executive Officer is responsible for the day-to-day operations of the Corporation, and with management, pursues Board approved strategic initiatives within the context of the Corporation's business, capital plans and corporate policies. The Chief Executive Officer is expected to report to the Board on a regular basis on both short-term and long-term development activities.

Other Directorships

In addition to their positions on the Board, the following Directors also serve as directors of the following reporting issuers or reporting issuer equivalents:

Name of Director	Reporting Issuer(s) or Equivalent(s)
R. Bruce Duncan	Canada Carbon Inc. – TSX-V Canada Coal Inc. – TSX-V GeoNovus Minerals Corp. – TSX-V
William (Bill) Majcher	Pan American Goldfields Ltd. – OTCBB

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Corporation's business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Corporation's management and employees to give the directors additional insight into the Corporation's business.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

Given the size of the Corporation and the public company and professional experience of the Board members, there is no formal continuing education program in place. Board members are entitled to attend seminars they determine necessary to keep themselves up to date with current issues relevant to their service as directors of the Corporation.

The senior management team and other employees of the Corporation are available to have discussions with Board members. The Board is also provided with the opportunity to meet with the Chief Executive Officer and senior management to discuss operational and other matters at any time.

Senior management regularly makes presentations at Board and committee meetings on various matters put before the Board. The Chairs of the committees provide regular reports to the Board on committee activities. Members of the Board are invited to observe the various committees' meetings. Occasionally, professional advisors are invited to join the Board for discussions on relevant matters.

Ethical Business Conduct

The Corporation (including its subsidiaries) has not adopted a written Code of Conduct.

The Board has found that the fiduciary duties placed on individual directors by the Corporation'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 Corporation.

The Board has not filed any material change report since the beginning of its most recently completed financial year that pertains to any conduct of a director or executive officer.

The Corporation encourages employees and officers in to take outside training in respect of compliance with the Corporation's policies and procedures

Nomination of Directors

The Board as a whole determines new nominees to the Board, although a formal process has not been adopted. However, if there is a change in the number of directors required by the Corporation, this policy will be reviewed. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the CEO. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of industry are consulted for possible candidates.

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Corporation's Board comprises three directors, two of whom are independent. This provides for an objective process for nominating directors. By having two independent directors who participate in potential director candidate interviews, the Board believes it takes reasonable steps to ensure that an objective nominating process is followed.

Other Board Committees

The Board has a Corporate Governance Committee which advises the Board with respect to the corporate governance matters of the Corporation. At March 31, 2014, the members of the Corporate Governance Committee were comprised of William (Bill) Majcher (Chair), and Robert Horsley.

There are no other standing committees other than the Audit Committee, the Compensation Committee and the Corporate Governance Committee.

Assessments

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

Based on the Corporation's size and the number of individuals serving on the Board and on each of the Board's committees, the Board performs a formal assessment annually. The Board plans to continue evaluating its own effectiveness and the effectiveness of its committees as may be determined necessary from time to time.

STATEMENT OF EXECUTIVE COMPENSATION

Named Executive Officers

In this section "Named Executive Officer" means the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and each of the three most highly compensated executive officers (the "NEOs"), other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation was more than $150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year.

Compensation Discussion and Analysis

At March 31, 2014, the compensation committee was comprised of two members – William (Bill) Majcher (Chair) and Robert Horsley. The two current members of the Compensation Committee are independent directors. The Compensation Committee is solely empowered to review and recommend all compensation within the Corporation. The Board then reviews and approves the recommendations of the Compensation Committee. Generally, the Compensation Committee requests a recommendation from the CEO with respect to contract terms, salary levels, bonuses and option grants, however the Compensation Committee can and during the past year did vary those recommendations based upon their assessment of performance, general market conditions, and the state of the Corporation. No specific performance goals are established. No compensation consultants are retained by the committee, although the committee is entitled to do so.

During the year ended March 31, 2014 no salary increases were awarded, and the Corporation limited bonuses due to market conditions. For the most part, salaries were accrued and not paid. The committee awarded 2,900,000 share purchase options at a weighted average exercise price of $0.05 per share to directors, officers, employees and consultants of the Corporation.

<u>Changes since financial year ending March 31, 2013</u>

1. August 19, 2013 – Robert W. Barker resigned as a director of the Corporation;
2. March 5, 2014 – William F. Lindqvist resigned as a director of the Corporation;
3. March 5, 2014 Robert Horsley was appointed a director of the Corporation.

R. Bruce Duncan, CEO, Charles E. Jenkins, CFO, Quinton Hennigh, former President and Chief Geologist and Donald William Gee, former CEO are each an NEO for the purposes of the following disclosure.

Compensation Committee

The Corporation's compensation policies and programs are designed to be competitive with similar mining companies and to recognize and reward executive performance consistent with the success of the Corporation's business. These policies and programs are intended to attract and retain capable and experienced people. The Compensation Committee's role and philosophy is to ensure that the Corporation's compensation goals and objectives, as applied to the actual compensation paid to the Corporation's CEO and other executive officers, are aligned with the Corporation's overall business objectives and with shareholder interests.

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

The function of the compensation committee is to assist the Board in fulfilling its responsibilities relating to the compensation practices of the executive officers of the Corporation. The compensation committee has been empowered to review the compensation levels of the executive officers of the Corporation and to report thereon to the Board, to review the strategic objectives of the stock option plan of the Corporation and set stock based compensation, and to consider any other matters which, in the compensation committee's judgment, should be taken into account in reaching the recommendation to the Board concerning the compensation levels of the Corporation's executive officers.

The compensation committee's mandate includes:

(a) assisting the Board in discharging the Board's responsibilities relating to executive officer and director compensation,

(b) providing oversight with respect to the evaluation of management, and

(c) providing oversight with respect to the Corporation's compensation strategies, practices and incentive compensation plans.

This Committee has been empowered to ensure the effectiveness of the Corporation's executive officers and appropriate management continuity, including a succession plan for the chief executive officer and other executive officers. The Compensation Committee formally evaluates the performance of the chief executive officer and recommends to the board of directors the chief executive officer's compensation. It also ensures the reasonableness and appropriateness of the compensation arrangements and compensation level for all of the Corporation's executive officers. The Compensation Committee monitors the overall soundness and effectiveness of director, executive officer and employee compensation and benefit programs. The Committee reviews and makes recommendations to the Board on share incentive plans and related distributions. This Committee reports to the Board annually on compensation issues.

In the course of business, the Corporation and its subsidiaries may enter into transactions with which a director may have a relationship. Each director and executive officer is required to fully disclose his interest in respect of any transaction or agreement to be entered into by the Corporation. Once such interest has been disclosed, the Board as a whole determines the appropriate level of involvement the director or executive officer should have in respect of the transaction or agreement. All directors and executive officers are subject to the requirements of the British Columbia *Business Corporations Act* with respect to the disclosure of any conflicts of interests and the voting on transactions giving rise to such conflicts.—

The Compensation Committee have the responsibility for determining compensation for the Directors and senior management. To determine compensation payable, the independent Directors review compensation paid for Directors and CEOs of companies of similar size and stage of development in the industrial minerals processing industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the Directors and senior management while taking into account the financial and other resources of the Corporation. In setting the compensation the independent Directors annually review the performance of the CEO in light of the Corporation's objectives and consider other factors that may have impacted the success of the Corporation in achieving its objectives.

This report on executive compensation has been authorized by the compensation committee. The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Corporation, although the compensation committee guides it in this role. The Board reviews the compensation of the Corporation's senior executives and determines the type and amount of compensation for the executive officers.

Risks Associated with the Corporation's Compensation Practices

The Board has not proceeded to a formal evaluation of the implications of risks associated with the Corporation's compensation policies and practices. The Board review the risks at least once annually, if any, associated with the Corporation's compensation policies and practices at such time.

Executive compensation is comprised of short-term compensation in the form of a base salary and long-term ownership through the Corporation's share option plan. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Corporation and the shareholders is extremely limited. Furthermore, the short-term component of the executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely that an officer would take inappropriate or excessive risks at the expense of the Corporation or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

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

Philosophy and Objectives

The compensation program for the Corporation's senior management is designed to ensure that the level and form of compensation achieves certain objectives, including:

(a) attracting and retaining talented, qualified and effective executives;

(b) motivating the short and long-term performance of these executives; and

(c) better aligning their interests with those of the Corporation's shareholders.

Elements of the Compensation Program

In compensating its senior management, the Corporation has employed a combination of base salary, bonus compensation and equity participation through its stock option plan.

Base Salary

In the Board's view, paying base salaries competitive in the markets in which the Corporation operates, is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on comparable companies within the industry is compiled from a variety of sources, including surveys conducted by independent consultants and national and international publications.

Bonus Incentive Compensation

The Corporation wishes to achieve certain strategic objectives and milestones. The Board sets general performance goals that incorporate critical strategic objectives and milestones, including geological success, reputation, share price, financial stability, budget fidelity, investor relations and employee satisfaction. The Board will consider executive bonus compensation dependent upon the Corporation meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The standard annual performance bonus for all executive officers for target performance is set at 33% of the annual base salary.

Benefits and Perquisites

The Corporation does not, as of the date of this Management Proxy Circular, offer any benefits or perquisites to its NEOs other than potential grants of incentive stock options as otherwise disclosed and discussed herein.

Hedging by Named Executive Officers or Directors

The Corporation has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors. As of the date of this Management Proxy Circular, entitlement to grants of incentive stock options under the Corporation's stock option plan is the only equity security element awarded

by the Corporation to its executive officers and directors (see – Securities Authorized for Issuance Under Equity Compensation Plans for a description of the Corporation's stock option plan).

Equity Participation

The Corporation believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Corporation's stock option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board, upon recommendation of the Compensation Committee.

Given the evolving nature of the Corporation's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Actions, Decisions or Policies Made After March 31, 2014

There have been no actions, decisions or policies made after March 31, 2014 that could affect a reader's understanding of NEO compensation other than as set out herein, except that management contracts were substantially amended on April 28, 2014.

Option-Based Awards

The Corporation has a stock option plan in place which was established to provide incentive to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their continuing association with the Corporation. Management proposes stock option grants to the Board based on such criteria as performance, previous grants, and hiring incentives and all grants require approval of the Board. The stock option plan is administered by the Board or the Board's compensation committee and provides that options will be issued only to directors, officers, employees or consultants of the Corporation or a subsidiary of the Corporation.

Summary Compensation Table

The compensation paid to the NEOs during the Corporation's three most recently completed fiscal years of March 31, 2012, 2013 and 2014 is as set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Year	Salary ($)[1]	Share-based awards ($)	Option-based awards[2] ($)	Non-equity incentive plan compensation		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans[3] ($)	Long-term incentive plans ($)			
R. Bruce Duncan CEO[4]	2014 2013 2012	210,000 180,000 30,144	Nil Nil Nil	10,228 71,157 121,098	Nil 30,000 Nil	Nil Nil Nil	Nil Nil Nil	23,820 22,970 55,450	244,048 304,127 206,692
Charles E. Jenkins[5] CFO	2014 2013 2012	170,000 170,000 70,000	Nil Nil Nil	7,306 53,368 138,776	Nil 20,000 15,000	Nil Nil Nil	Nil Nil Nil	23,820 22,970 22,450	201,126 266,338 346,226
Quinton Hennigh[6] Former President and Chief Geologist	2014 2013 2012	Nil Nil 35,682	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil 35,682
William Gee[7] former CEO	2014 2013 2012	Nil Nil 149,866	Nil Nil Nil	Nil Nil 203,694	Nil Nil 20,150	Nil Nil Nil	Nil Nil Nil	Nil Nil 193,450	Nil Nil 567,160

Notes:

(1) All amounts are expressed in Canadian dollars. The salary and other compensation amounts for 2014 represent the amount expensed in the records of the Corporation. For the fiscal year ended March 31, 2014 the above noted expenses were accrued and not paid to the NEOs. The amounts for 2012 for Dr. Hennigh and Mr. Gee have been converted from US dollars using the following annual average exchange rate: CDN$1.0075 /US$1 for 2012.

(2) The Corporation uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. The fair value is the estimated expense to the Corporation, and does not represent a payment to the NEO. During the year ended March 31, 2014, the following assumptions were used when calculating the fair value of share purchase options at the date of grant: (a) average risk-free interest rate of 1.71%; (b) expected life of 5 years; (c) expected volatility of 97%; and (d) Nil dividends.

(3) Represents bonuses paid in each fiscal year, after finalizing and filing results for that fiscal year. Amounts are expressed in Canadian dollars and have been converted from US dollars (in the case of Dr. Hennigh and Mr. Gee) using the Exchange Rate *for 2010* (see note (1) above).

(4) R. Bruce Duncan was appointed CEO on February 22, 2012 to replace William Gee. Pursuant to an employment agreement with the Corporation in effect for 2013 and 2014 Mr. Duncan receives $180,000 ($15,000 per month), less applicable deductions for income tax, and is reimbursed for out-of-pocket expenses. Mr. Duncan is also entitled to an annual bonus, based on the extent to which he achieves his annual performance objectives as set by the Board, and is entitled to participate in the Corporation's share option plan or any successors thereto. Effective August 1, 2012 the salary increases to $200,000 ($16,667 per month). The amounts reported under "*All Other Compensation*" represent payments paid or accrued on behalf of Mr. Duncan in respect of registered retirement savings plan (RRSP) contributions as well as director's fees paid prior to his appointment as CEO. This agreement was modified in April 2014 to $7,500 per month with no guaranteed bonus or RRSP. This amount was accruing and was settled by way of a shares for debt settlement on August 8, 2014.

(5) Charles E. Jenkins was appointed to the positions of CFO and Corporate Secretary on December 22, 2010. On December 22, 2010, the Corporation entered into an executive employment agreement in effect for 2012, 2013 and 2014 with Mr. Jenkins under which Mr. Jenkins receives an annual base salary of $170,000 ($14,666 per month), less applicable deductions for income tax, and is reimbursed for out-of-pocket expenses. Mr. Jenkins is also entitled to an annual bonus, based on the extent to which he achieves his annual performance objectives as set by the Board, and is entitled to participate in the Corporation's share option plan or any successors thereto. The Corporation may terminate the agreement upon 90 days prior written notice or for just cause. The amounts reported under "*All Other Compensation*" represent payments paid or accrued on behalf of Mr. Jenkins in respect of registered retirement savings plan (RRSP) contributions. This agreement was modified in April 2014 to $5,000 per month with no guaranteed bonus or RRSP. This amount was accruing and was settled by way of a shares for debt settlement on August 8, 2014.

(6) Dr. Quinton Hennigh, M. Sc., Ph.D. became the Corporation's President on April 4, 2008 and a director of the Corporation effective August 21, 2008. He resigned as President on June 8, 2011. On April 1, 2008, the Corporation entered into an executive employment agreement with Dr. Hennigh under which Dr. Hennigh received an annual base salary of USD$144,000 ($14,166 per month), less applicable deductions for income tax, and is reimbursed for out-of-pocket expenses. Mr. Jenkins was also entitled to an annual bonus, based on the extent to which he achieves his annual performance objectives as set by the Board, and was entitled to participate in the Corporation's share option plan or any successors thereto. The Corporation may terminate the agreement upon 90 days prior written notice or for just cause. The amounts reported under "*All Other Compensation*" represent payments paid on behalf Dr. Hennigh in respect of health benefit coverage, retirement plan (401(k)) contributions and other benefits. Dr. Hennigh resigned as Director and Chief Geologist on November 7, 2011.

(7) William Gee served as CEO from April 1, 2011 to February 22, 2012. Pursuant to an employment agreement with the Corporation Mr. Gee received an annual base salary of USD$170,000 (USD$14,166.66 per month), less applicable deductions for income tax, and is reimbursed for out-of-pocket expenses. Mr. Gee was also entitled to an annual bonus, based on the extent to which he achieves his annual performance objectives as set by the Board, and is entitled to participate in the Corporation's share option plan or any successors thereto. The amounts reported under "*All Other Compensation*" represent payments paid on behalf of Mr. Gee in respect of contract termination payments.

Incentive Plan Awards

Outstanding Option-based Awards

The following table sets out all option-based awards and share-based awards outstanding who was an NEO at March 31, 2014, for each NEO (there were no share-based awards outstanding as at March 31, 2014 for any NEO):

	Option-based Awards						
Named Executive Officer	**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 ($)**	**Market or payout value of vested share-based awards not paid out or distributed ($)**
R. Bruce Duncan,	350,000	$0.92	May 20, 2015	Nil	Nil	Nil	Nil
CEO	200,000	$0.94	Feb.11, 2016	Nil	Nil	Nil	Nil
	600,000	$0.37	Feb.27, 2017	Nil	Nil	Nil	Nil
	600,000	$0.32	July 12, 2017	Nil	Nil	Nil	Nil
	700,000	$0.05	Oct. 25, 2018	Nil	Nil	Nil	Nil
Charles E. Jenkins,	500,000	$0.97	Jan.21, 2016	Nil	Nil	Nil	Nil
CFO and	250,000	$0.37	Feb.27, 2017	Nil	Nil	Nil	Nil
Corporate	450,000	$0.32	July 12, 2017	Nil	Nil	Nil	Nil
Secretary	500,000	$0.05	Oct. 25, 2018	Nil	Nil	Nil	Nil

Note:

(1) These values are calculated by subtracting the exercise price from the trading price of the Corporation's Common Shares on the Toronto Stock Exchange as at March 31, 2014 ($0.015 each) and then multiply that difference times the number of Common Shares available to the option holder for purchase at the stated exercise price.

Incentive Plan Awards – Vested Value

The following table sets out all option-based awards vested for each NEO was an NEO during the fiscal year ended March 31, 2014:

Named Executive Officer	Option-based awards – Value vested during the year ($)
R. Bruce Duncan	10,228
Charles E. Jenkins	7,306

Pension Plan

The Corporation has no pension plans for its directors, officers or employees.

Termination and Change of Control Benefits

The executive employment agreements that the Corporation has entered into with each of Charles E. Jenkins and R. Bruce Duncan (collectively, the "Executive Employment Agreements") contain the same termination and change of control benefits. On April 28, 2014 those contracts were amended to reduce the termination provisions to a six month payout period.

Termination

The Corporation may terminate an Executive Employment Agreement at any time without cause by providing the executive with ninety days' written notice of termination and paying the executive the following amounts in lieu of notice: (a) the executive's salary up to the termination date (if not already paid); (b) all outstanding and accrued regular and special vacation pay to the termination date; (c) all reimbursable expenses; (d) an amount equivalent to one year's annual base salary and one year's target annual bonus; (e) an amount equivalent to one year's contribution to the executive's Registered Retirement Savings Plan; (f) an amount in respect of outplacement counselling equal to at least ten percent of the executive's annual base salary; and (g) an amount equivalent to one year's cost to the Corporation of all other benefits and expenses that would have been paid by the Corporation for the benefit of the executive during the year immediately following the termination date. If an executive's employment is terminated without cause, any stock options granted to the executive and held by the executive on the termination date will immediately vest and will be exercisable for at least one year following the termination date.

Change of Control

The Executive Employment Agreements also contemplate a "Change of Control" of the Corporation. For the purpose of the Executive Employment Agreements, a "Change of Control" of the Corporation occurs when: (a) an entity or entities or any person or persons acting in concert become the beneficial owner of more than 50% of the combined voting power of the Corporation or a significant subsidiary (i.e. a subsidiary that owns more than 50% of the consolidated assets of the Corporation); (b) a merger or consolidation of the Corporation (or a significant subsidiary) with any other entity is consummated, unless the merger or consolidation results in the voting securities of the Corporation (or significant subsidiary) outstanding immediately prior thereto continuing to represent more than 50% of the combined voting power of the surviving or resulting entity outstanding immediately after the merger or consolidation; or (c) the Corporation's shareholders approve a plan or arrangement for the sale or disposition of more than 50% of the consolidated assets of the Corporation (or assets that generate more than 50% of the Corporation's consolidated revenues).

For the purpose of the Executive Employment Agreements, "Constructive Dismissal" means, without the executive's written consent, if there is a Change of Control and: (a) the Corporation requires the executive to relocate his office to a location more than 40 kilometres from its current location or reassigns the executive to a position of lesser rank and reduces or materially changes the executive's responsibilities to the Corporation; or (b) there is a reduction to the executive's base salary or any cash bonus that is not borne equally by all employees who enjoy such benefits at the time (and thereafter).

Following a Change of Control of the Corporation, if an Executive Employment Agreement is terminated by the Corporation, or by the executive upon an event of Constructive Dismissal, within one year of the Change of Control and within one year of the effective date of the Executive Employment Agreement, the Corporation must pay the executive the following amounts: (a) the executive's salary up to the termination date (if not already paid); (b) all outstanding and accrued regular and special vacation pay to the termination date; (c) all reimbursable expenses; (d) an amount equivalent to one-half of the number of months of service by the executive to the Corporation multiplied by the executive's annual base salary plus annual performance bonus; (e) an amount equivalent to the sum of all Registered Retirement Savings Plan contributions for the six months immediately following the termination date; (f) an amount in respect of outplacement counselling equal to at least ten percent of the executive's annual base salary; and (g) an amount equivalent to six months' cost to the Corporation of all other benefits and expenses that would have been paid by the Corporation for the benefit of

the executive during the year immediately following the termination date. If an executive's employment is terminated without cause, any stock options granted to the executive and held by the executive on the termination date will immediately vest and will be exercisable for at least eighteen months following the termination date. If there is no event of Constructive Dismissal and an executive terminates an Executive Employment Agreement within one year from a Change of Control, the Corporation must pay the executive an amount equal to one-fourth of the above amounts.

Following a Change of Control of the Corporation, if an Executive Employment Agreement is terminated by the Corporation, or by the executive upon an event of Constructive Dismissal, within one year of the Change of Control and subsequent to the one year anniversary of the effective date of the Executive Employment Agreement, the Corporation must pay the executive the following amounts: (a) the executive's salary up to the termination date (if not already paid); (b) all outstanding and accrued regular and special vacation pay to the termination date; (c) all reimbursable expenses; (d) an amount equivalent to three-fourths of the number of months of service by the executive to the Corporation multiplied by the executive's annual base salary plus annual performance bonus, up to a maximum amount equivalent to two times the executive's annual base salary plus two times the annual performance; (e) an amount equivalent to the sum of all Registered Retirement Savings Plan contributions for the one year immediately following the termination date; (f) an amount in respect of outplacement counselling equal to at least ten percent of the executive's annual base salary; and (g) an amount equivalent to one year's cost to the Corporation of all other benefits and expenses that would have been paid by the Corporation for the benefit of the executive during the year immediately following the termination date. If an executive's employment is terminated without cause, any stock options granted to the executive and held by the executive on the termination date will immediately vest and will be exercisable for at least eighteen months following the termination date. If there is no event of Constructive Dismissal and an executive terminates an Executive Employment Agreement within one year from a Change of Control, the Corporation must pay the executive an amount equal to one-fourth of the above amounts.

Potential Payments upon Termination

The following table provides information concerning the value of payments and benefits following termination of employment of each NEO under various circumstances. Payments vary based on the reason for termination and the timing of a departure. The amounts below are calculated as if the NEO's employment had been terminated on March 31, 2014, and are not representative of the amounts payable under current contracts.

NEO		Termination Without Cause	Change of Control
R. Bruce Duncan	Salary	210,000	420,000
	Bonus	70,000	70,000
	Additional Compensation	23,820	23,820
	Options	200,000	200,000
Charles Jenkins	Salary	170,000	340,000
	Bonus	56,667	56,667
	Additional Compensation	23,820	23,820
	Options	150,000	150,000

Except as outlined above, there are no contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in an NEO's responsibilities.

This section reflects the contracts in place as of March 31, 2014. On April 28, 2014 those contracts were amended to reduce salaries and to reduce the termination provisions to a six month payout period. Additional compensation, being RRSP contributions and fixed bonuses were also deleted from the revised contracts.

Director Compensation

Independent directors were formerly paid an annual retainer of $18,000, plus an additional annual retainer of $5,000 to each independent director who acts as a member of the Audit, Compensation or Corporate Governance Committees. Effective April 1, 2013 the payments were suspended indefinitely.

The compensation provided to the directors, excluding a director who is included in disclosure for an NEO, for the Corporation's most recently completed financial year ended March 31, 2014:

Name	Fees earned ($)	Share-based awards ($)	Option-based awards[(1)] ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Robert W. Barker[(2)]	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Name	Fees earned ($)	Share-based awards ($)	Option-based awards[1] ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
William (Bill) Majcher	Nil	Nil	1,488	Nil	Nil	Nil	1,488
William F. Lindqvist[2]	Nil	Nil	1,488	Nil	Nil	Nil	1,488
Robert Horsley[3]	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) The Corporation uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. During the year ended March 31, 2014, (a) average risk-free interest rate of 1.71%; (b) expected life of 5 years; (c) expected volatility of 97%; and (d) Nil dividends.

(2) Robert W. Barker resigned from the Board on August 14, 2013, and William Lindqvist resigned March 5, 2014.

(3) Robert Horsley was appointed a director of the Corporation on March 5, 2014.

Outstanding Share-based Awards and Option-based Awards

The following table sets out all option-based awards and share-based awards outstanding as at March 31, 2014, for each director, excluding a director who is already set out in disclosure for a NEO for the Corporation:

	Option-based Awards						
Name[1]	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options[2] ($)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
William (Bill) Majcher	85,500	$0.17	Nov.18, 2014	Nil	Nil	Nil	Nil
	100,000	$0.35	Jan.19, 2015	Nil	Nil	Nil	Nil
	100,000	$1.25	Nov.30, 2014	Nil	Nil	Nil	Nil
	200,000	$0.94	Feb.1, 2016	Nil	Nil	Nil	Nil
	300,000	$0.37	Feb.27, 2017	Nil	Nil	Nil	Nil
	300,000	$0.32	July 12, 2017	Nil	Nil	Nil	Nil
	400,000	$0.05	Oct. 25,2018	Nil	Nil	Nil	Nil
William F. Lindqvist[3] [3]	350,000	$0.42	May 26, 2019	Nil	Nil	Nil	Nil
	100,000	$1.25	Nov.30, 2014	Nil	Nil	Nil	Nil
	200,000	$0.94	Feb.1, 2016	Nil	Nil	Nil	Nil
	300,000	$0.37	Feb.27, 2017	Nil	Nil	Nil	Nil
	300,000	$0.32	July 12, 2017	Nil	Nil	Nil	Nil
	400,000	$0.05	Oct. 25,2018	Nil	Nil	Nil	Nil
Robert Horsley[4]	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Directors as of March 31, 2014.

(2) These values are calculated by subtracting the exercise price from the trading price of the Corporation's Common Shares on the TSX as at March 31, 2014 ($0.015) and then multiply that difference times the number of Common Shares available to the option holder for purchase at the stated exercise price.

(3) William Lindqvist resigned from the Board on March 5, 2014.

(4) Robert Horsley was appointed a director of the Corporation on March 5, 2014.

Incentive Plan Awards – Value Vested

The following table sets out all option-based awards vested during the year ended March 31, 2014 for each director, excluding a director who is already set out in disclosure for a NEO for the Corporation:

Name	Option-based awards – Value vested during the year ($)
William (Bill) Majcher	1,488
William F. Lindqvist[(1)]	1,488
Robert Horsley[(2)]	Nil

Notes:

(1) William Lindqvist resigned from the Board on March 5, 2014.

(2) Robert Horsley was appointed a director of the Corporation on March 5, 2014.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan which the Corporation has in place is its stock option plan dated for reference August 19, 2011, which was approved by shareholders at the Corporation's Annual Meeting held on September 30, 2011 (the "Plan"). The Corporation moved the listing of its Common Shares from the Toronto Stock Exchange to the Canadian Securities Exchange. The Corporation's Common Shares commenced trading on the Canadian Securities Exchange effective July 25, 2014. Refer to heading PARTICULARS OF MATTERS TO BE ACTED UPON - "Adoption of New form of 10% rolling Stock Option Plan" below.

The following table sets out equity compensation plan information as at the fiscal year end of March 31, 2014:

Equity Compensation Plan Information

Plan Category	No. of Securities to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a))
	(a)	**(b)**	**(c)**
Equity Compensation Plans Approved by Securityholders (the "Plan")	8,990,500	$0.39	7,240,400
Equity Compensation Plans Not Approved by Securityholders	N/A	N/A	N/A
Total:	**8,990,500**	**$0.39**	**7,240,400**

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Corporation were indebted to the Corporation as at March 31, 2013 or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An informed person is one who generally speaking is a director or executive officer or a 10% shareholder of the Corporation. To the knowledge of management of the Corporation, no informed person or nominee for election as a director of the Corporation or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries during the year ended March 31, 2013, or has any interest in any material transaction in the current year other than as set out in this Management Proxy Circular or in a document disclosed to the public and filed on www.sedar.com.

During the fiscal year ended March 31, 2014, the Corporation incurred the following transactions with directors and officers of the Corporation:

Consulting Fees	$nil
Director Fees	$nil
Management Fees[(1)]	$407,642

Note:
(1) Management fees totalling $407,642 were expensed and accrued but not paid to the CEO and CFO for the fiscal year ended March 31, 2014.

Shares for Debt

On August 8, 2014 the Corporation closed a shares for debt transaction whereby a total of 25,984,529 Common Shares at a deemed price of $0.02 per Common Share, were issued to settle outstanding indebtedness. The following Insiders of the Corporation were issued Common Shares pursuant to this shares for debt transaction: 1) R. Bruce Duncan – 14,566,000 Common Shares; and 2) Charles E. Jenkins – 11,168,529 Common Shares. These Common Shares are subject to a four month hold period.

MANAGEMENT CONTRACTS

Except as set out herein, there are no management functions of the Corporation which are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation.

PARTICULARS OF MATTERS TO BE ACTED ON

A. Adoption new form of 10% rolling Stock Option Plan

The Corporation has in place its 10% rolling stock option plan dated for reference August 19, 2011, which was approved by shareholders at the Corporation's Annual Meeting held on September 30, 2011 (the "Plan"). The Plan is in accordance with Toronto Stock Exchange policies.

The Corporation moved its listing from the Toronto Stock Exchange to the Canadian Securities Exchange. The Corporation's Common Shares commenced trading on the Canadian Securities Exchange effective on July 25, 2014.

On August 14, 2014 , the Corporation's Board adopted a new form stock option plan (the "New Plan") in accordance with Canadian Securities Exchange policies, to replace the August 19, 2011 Plan whereby, as in the August 19, 2011 Plan, a maximum of 10% of the issued and outstanding Common Shares of the Company at the time an option is granted less common shares reserved for issuance outstanding in the New Plan, are reserved for options to be granted at the discretion of the Board to eligible option holders.

Shareholders will be asked at the Meeting to ratify, confirm and approve by ordinary resolution, the adoption of the Corporation's New Plan.

The New Plan was established to provide incentives to increase individual performance and shareholder value, and to assist with the retention of employees. The New Plan is administered by the board of directors of the Corporation or any committee thereof duly empowered or authorized to grant options under the New Plan (the "Plan Administrator"). The New Plan Administrator determines option grants within guidelines established by the Compensation Committee of the Board. All option grants are subject to Board ratification.

The New Plan provides for a maximum of 10% of the issued and outstanding Common Shares of the Corporation at the time an option is granted, less Common Shares reserved for issuance pursuant to currently outstanding options, to be reserved for options to be granted at the discretion of the Board of Directors or its Compensation Committee to eligible optionees (**"**Optionees").

Material Terms to the Plan

The following is a summary of the material terms of the New Plan:

(a) the Corporation may grant stock options representing over 5% of the issued shares in any 12 month period with the approval of disinterested shareholders;

(b) the Corporation may grant options having a term of up to 10 years;

(c) in the event that the option holder who is a director ceases to be a director, other than by reason of death, the expiry date of the option shall be 30 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the option holder at any time prior to expiry of the option) following the termination of the relationship between the option holder and the Corporation;

(d) in the event that the option holder who is a director who is engaged in investor relations activities, the expiry date shall be the 30th day following the date the option holder ceases to be employed to provide investor relations activities;

(e) in the event that the option holder who is a senior officer, employee or consultant, ceases to be a senior officer, employee or consultant, other than by reason of death or termination for cause, the expiry date of the option shall be 30 days following the termination of the relationship between the option holder and the Corporation;

(f) the Corporation may waive the requirement for options granted to persons holding the position of executive, employee or consultant for which the Option was originally granted but comes to hold a different position as an executive, employee or consultant prior to the expiry of the Option;

(g) the New Plan and outstanding options may be amended by the Board subject to regulatory approvals, provided that where such amendment relates to an existing option would:

(a) materially decrease the rights or benefits accruing to an option holder, or

(b) materially increase the obligations of the option holder; then, unless excepted out by a provision of the New Plan, the Board must also obtain the written consent of the option holder in question to such amendment. If at the time the exercise price of an option is reduced the option holder is an insider of the Corporation, the insider must not exercise the option at the reduced exercise price until the reduction in exercise price has been approved by the disinterested shareholders of the Corporation, if required by the stock exchange upon which the Corporation's shares principally trade;

(h) options granted under the New Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years;

(i) for options granted to executives, employees or consultants of the Corporation or any subsidiary of the Corporation, the Corporation must ensure that the proposed option holder is a bona fide executive, employee or consultant or its affiliates;

(j) if an option holder dies, any vested option held by him at the date of death will become exercisable by the option holder's personal representative until the earlier of one year after the date of death of such option holder and the date of expiration of the term otherwise applicable to such option;

(k) in the case of an option holder being dismissed from employment or service for cause, such option holder's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;

(l) the exercise price of each option will be set by the Board on the effective date of the option and will not be less than the market value of the shares as of the grant date, subject to any adjustments as may be required to secure all necessary regulatory approvals;

(m) vesting of options shall be at the discretion of the Board;

(n) the New Plan contains a black-out provision restricting all or any of the Corporation's directors, officers, employees, insiders or persons in a special relationship to refrain from trading in the Corporation's securities until the restriction has been lifted by the Corporation; and

(o) the Board reserves the right in its absolute discretion to terminate or suspend the New Plan with respect to all New Plan shares in respect of options which have not yet been granted under the New Plan.

Shareholder Resolution – Adoption New Form 10% rolling Stock Option Plan

At the Meeting, Shareholders will be requested to consider and vote on the ordinary resolution to adopt the New Plan, with or without variation, the text of which is set out below. An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

"RESOLVED as an ordinary resolution, that:

1. **the Stock Option Plan dated for reference August 14, 2014 (the "New Plan"), wherein up to 10% of the current issued and outstanding Common Shares be reserved for issuance as options, be approved; subject to any amendments as may be required by the policies of the Canadian Securities Exchange;**
2. **all outstanding options be rolled into the New Plan;**
3. **to the extent permitted by law, the Corporation be authorized to abandon all or any part of the New Plan if the Board deems it appropriate and in the best interests of the Corporation to do so; and**
4. **any one or more of the directors and officers of the Corporation be authorized to perform all such acts, deeds and things and execute, under seal of the Corporation or otherwise, all such documents as may be required to give effect to this resolution."**

Following shareholder approval to the New Plan, the August 19, 2011 Plan will cease to exist, and those outstanding stock options which have been granted prior to the implementation of the New Plan shall, for the purpose of options which have been granted prior to the implementation of the New Plan shall, for the purpose of calculating the number of stock options that may be granted under the New Plan, be treated as options granted under the New Plan.

If the resolution is not passed, the New Plan will not become effective and the Board will be required to determine alternate means of compensation for certain of its directors, officers and/or employees in the event that the August 19, 2011 Plan does not permit the grant of sufficient options for compensation purposes.

A copy of the New Plan will be available for review by any shareholder at the Meeting. A shareholder may also obtain a copy of the New Plan by contacting the Corporation's Corporate Secretary, at Suite 605, 1166 Alberni Street, Vancouver, British Columbia V6E 2Z3, telephone number 604 685-6375 or fax number 604 909-1163.

B. Share Consolidation

Management has determined that, in its opinion, a consolidation of its share capital may be required in order to provide for further equity financing to meet its current working capital requirements and to attract new equity investment in the Corporation, and that a share consolidation (the "Consolidation") will positively impact the Corporation's business strategy and investment profile by increasing trading volume in the Corporation's share capital through a broader investor base. The Board proposes that shareholders approve a consolidation of its share capital on the basis of one post consolidated Common Share for up to twenty (20) Common Shares currently held, the magnitude of the consolidation ratio to be determined by the Board.

As of August 19, 2014 record date, there were approximately 188,593,529 Common Shares issued and outstanding in the share capital of the Corporation.

Subsequent to the Consolidation, according to any one of the below consolidation ratios, the ratio to be determined by the Board, the Corporation will have approximately the post-consolidated number of Common Shares as follows:

- 94,296,764 Common Shares outstanding of one post consolidated Common Share for each **2** pre-consolidation Common Shares;
- 62,864,509 Common Shares outstanding of one post consolidated Common Share for each **3** pre-consolidation Common Shares;
- 47,148,382 Common Shares outstanding of one post consolidated Common Share for each **4** pre-consolidation Common Shares;
- 37,718,705 Common Shares outstanding of one post consolidated Common Share for each **5** pre-consolidation Common Shares;
- 31,432,254 Common Shares outstanding of one post consolidated Common Share for each **6** pre-consolidation Common Shares;
- 26,941,932 Common Shares outstanding of one post consolidated Common Share for each **7** pre-consolidation Common Shares;
- 23,574,191 Common Shares outstanding of one post consolidated Common Share for each **8** pre-consolidation Common Shares;
- 20,954,836 Common Shares outstanding of one post consolidated Common Share for each **9** pre-consolidation Common Shares;
- 18,859,352 Common Shares outstanding of one post consolidated Common Share for each **10** pre-consolidation Common Shares;
- 17,144,866 Common Shares outstanding of one post consolidated Common Share for each **11** pre-consolidation Common Shares;
- 15,716,127 Common Shares outstanding of one post consolidated Common Share for each **12** pre-consolidation Common Shares;
- 14,507,194 Common Shares outstanding of one post consolidated Common Share for each **13** pre-consolidation Common Shares;
- 13,470,966 Common Shares outstanding of one post consolidated Common Share for each **14** pre-consolidation Common Shares;
- 12,572,901 Common Shares outstanding of one post consolidated Common Share for each **15** pre-consolidation Common Shares.
- 11,787,095 Common Shares outstanding of one post consolidated Common Share for each **16** pre-consolidation Common Shares;

- 11,093,737 Common Shares outstanding of one post consolidated Common Share for each **17** pre-consolidation Common Shares;
- 10,477,418 Common Shares outstanding of one post consolidated Common Share for each **18** pre-consolidation Common Shares;
- 9,925,975 Common Shares outstanding of one post consolidated Common Share for each **19** pre-consolidation Common Shares;
- 9,429,676 Common Shares outstanding of one post consolidated Common Share for each **20** pre-consolidation Common Shares.

The exact number of post-consolidated shares will most likely vary from these approximations to a small extent depending upon the treatment of the fractions that will most likely occur when each shareholder's holdings are consolidated on any one of the basis set out above. In addition to the requisite shareholder approval being sought at the Meeting, any such consolidation also requires the approval of all applicable regulatory authorities, including the Canadian Securities Exchange. The Board does not intend to change its name.

Effect of Consolidation

The proposed Consolidation will not change in any shareholder's proportionate share of the total votes entitled to vote at meetings of shareholders; however, if the special resolution is passed, the total number of votes that a shareholder may cast at any future general meeting of the Corporation will be reduced.

The number of Common Shares reserved for issuance under the Company's stock option plan will be reduced proportionately based on the Consolidation ratio and the exercise or conversion price and/or the number of Common Shares issuable under the Corporation's outstanding stock options will also be proportionately adjusted upon the Consolidation with any fractional options to acquire Common Shares rounded down to the nearest whole number.

Risks Associated with the Consolidation

There can be no assurance that any increase in the market price per Common Share resulting from the Consolidation will be sustainable or that it will equal or exceed the direct arithmetical result of the Consolidation since there are numerous factors and contingencies which could affect such price, including the status of the market for the Common Shares at the time, the Corporation's reported results or operation in future periods and general economic, geopolitical, stock market and industry conditions.

Accordingly, the total market capitalization of the Common Shares after the Consolidation may be lower than the total market capitalization before the Consolidation and, in the future, the market price of the Common Shares may not exceed or remain higher than the market price prior to the Consolidation. While the Board believes that a higher price for the Common Shares may help the Corporation attain the objectives set out above, there can be no assurance that the Consolidation will result in a per share market price that will attract additional investors or that such price will satisfy the investing guidelines of such investors. As a result, the Corporation's investor base may not necessarily increase, the perceived value and profile of the Common Shares may not increase and the price of the Common Shares may not be aligned with those of its peers.

If the Consolidation is implemented and the market price of the Common Shares declines, the percentage decline may be greater than would occur in the absence of the Consolidation. The market price of the Common Shares will, however, also be based on the Corporation's performance and other factors, which are unrelated to the number of Common Shares outstanding. Furthermore, the liquidity of the Common Shares could be adversely affected by the reduced number of Common Shares that would be outstanding after the Consolidation.

In accordance with the provisions of the *Canada Business Corporations Act*, a security consolidation requires special resolution approval by the shareholders of the Corporation at the Meeting.

Shareholder Resolution – Consolidation

Accordingly, at the Meeting, shareholders will be asked to consider and, if thought fit, to pass a special resolution as set forth below authorizing the Consolidation, which must be passed by an affirmative vote of not less than 2/3rds of the votes cast by the shareholders in person or by proxy at the Meeting, subject to such amendments, variations or additions as may be approved at the Meeting. Notwithstanding approval of the transaction by shareholders, the Board, in its sole discretion, may not implement this special resolution and abandon the Consolidation without further approval or action by or prior notice to shareholders.

NOW THEREFORE BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

"Resolved, as a special resolution, that:

1. **subject to the Corporation receiving all regulatory approvals, the consolidation of each of the issued and outstanding common shares of the Corporation by exchanging up to every 20 pre-consolidation common shares of the Corporation into one (1) post-consolidated common share, or such other in between ratio that the Board may deem adequate (the "Consolidation"), except that no fractional shares will be issued and any fractional shares will be rounded down to the nearest whole number, be and the same is hereby approved;**

2. **the board of directors of the Corporation is hereby authorized, at any time in its absolute discretion, to determine whether or not to proceed with any one of the above consolidation ratios without further approval, ratification or confirmation by the shareholders;**

3. **the shareholders hereby authorizes whatever adjustments may be made to their shareholdings in order to avoid the issuance of fractional shares incidental to the consolidation of the Common Shares referred to above; and**

4. **any one director or officer of the Corporation be, and is hereby, authorized, empowered and instructed, acting for, in the name and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing."**

The proposed consolidation will not alter or change in any way any shareholder's proportion of votes to total votes, however, the total votes capable of being cast by shareholder at a general meeting in the future will be reduced if the resolution is approved.

All outstanding options, warrants and other convertible securities of the Corporation outstanding as at the date of the completion of the consolidation transaction will be adjusted in accordance with the consolidation ratio.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE SPECIAL RESOLUTION APPROVING THE CONSOLIDATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.

In the event that the Corporation implements one of the ratios on the Consolidation, the Corporation will send letters of transmittal to holders of Common Shares for use in transmitting their share certificates to Computershare Investor Services Inc. in exchange for new certificates of the Corporation.

C. Renewal Shareholder Rights Agreement

On January 23, 2008 the Board adopted a shareholder rights plan agreement (the "2008 Plan") which was approved by the Corporation's Shareholders on March 20, 2008. Under the terms of the 2008 Plan it expired at the end of the Corporation's 2011 annual shareholders meeting.

In August 2011 the Board adopted a new shareholder rights plan agreement in order to take into account recent legal developments in respect of such plans. Accordingly, the Board approved the adoption of a new 2011 shareholder rights plan agreement (the "Rights Plan") between the Corporation and Computershare Investor Services Inc., as Rights Agent, dated August 24, 2011 and effective September 30, 2011 (the "Effective Date"), the Effective Date being the date the Rights Plan was approved by the Corporation's Shareholders at the Corporation's September 30, 2011 Annual and Special Meeting. The Board's objective in adopting the Rights Plan is to ensure the fair treatment of Shareholders in connection with any take-over bid for Common Shares of the Corporation. The 2008 Plan was subsequently cancelled by the Board. The Rights Plan was not adopted in response to any proposal to acquire control of the Corporation. A copy of the Rights Plan was filed on SEDAR on July 23, 2012 and can be viewed on the Corporation's SEDAR website at www.sedar.com.

Purpose of Rights Plan

The primary objective of the Rights Plan is to ensure that all Shareholders of the Corporation are treated fairly in connection with any take-over bid for the Corporation by (a) providing Shareholders with adequate time to properly assess a take-over bid without undue pressure and (b) providing the Board with more time to fully consider an unsolicited take-over bid, and, if applicable, to explore other alternatives to maximize Shareholder value.

Summary of Rights Plan

The following description of the Rights Plan is a summary only. Reference can be made to the full text of the Rights Plan, as filed on SEDAR. A copy of the 2011 Rights Plan will be available for inspection at the Meeting.

Term

If the continued existence of the Rights Plan is ratified at the Meeting, the Rights Plan will continue in full force and effect, unamended, until it expires at the close of the next third annual meeting of shareholders of the Corporation occurring after the ratification and approval of the continuation of the Rights Plan at this Meeting.

Shareholder Approval

For the Rights Plan to continue in effect following the Meeting, the Shareholder Rights Plan Resolution must be approved by a majority of the votes cast at the Meeting by holders of Common Shares and, if applicable, by a separate majority vote excluding votes cast by any non-Independent Shareholder.

Management of the Corporation is not aware of any shareholder who will be ineligible to vote on the confirmation of the Rights Plan at the Meeting and believes all shareholders are Independent Shareholders as defined under the Rights Plan and that there are no Grandfathered Persons as defined under the Rights Plan. If the Shareholder Rights Plan Resolution is not approved, the Rights Plan will terminate immediately.

Issue of Rights

On the Effective Date, one right (a "Right") was issued and attached to each Common Share outstanding and attached to each Common Share subsequently issued.

Exercise of Rights

The Rights are not exercisable before the Separation Time (defined below). After the Separation Time and before the Expiration Time, each Right entitles the holder to acquire one Common Share for the exercise price of $50.00 (subject to certain anti-dilution adjustments). This exercise price is expected to be in excess of the estimated maximum value of the Common Shares during the term of the Rights Plan. Upon the occurrence of a Flip-In Event (defined below) prior to the Expiration Time, each Right (other than any Right held by an "Acquiring Person" (defined below), which will become null and void as a result of such Flip-In Event) may be exercised to purchase that number of Common Shares which have an aggregate market price equal to twice the exercise price of the Rights for a price equal to the exercise price (subject to adjustment). Effectively, this means a Shareholder of the Corporation (other than the Acquiring Person) can acquire additional Common Shares from treasury at half their market price.

The Rights

Each Right will entitle the holder, subject to the terms and conditions of the Rights Plan, to purchase additional Common Shares of the Corporation after the Separation Time.

Rights Certificates and Transferability

Before the Separation Time, the Rights will be evidenced by certificates for the Common Shares, and are not transferable separately from the Common Shares. From and after the Separation Time, the Rights will be evidenced by separate Rights Certificates, which will be transferable separately from and independent of the Common Shares.

Definition of "Acquiring Person"

Subject to certain exceptions, an Acquiring Person is a person who becomes the Beneficial Owner (defined below) of 20% or more of the Corporation's outstanding Common Shares.

Definition of "Beneficial Ownership"

A person is a Beneficial Owner of securities if such person or its affiliates or associates or any other person acting jointly or in concert with such person, owns the securities in law or equity, and has the right to acquire (immediately or within 60 days) the securities upon the exercise of any convertible securities or pursuant to any agreement, arrangement or understanding.

However, a person is not a Beneficial Owner under the Rights Plan where:

(a) the securities have been deposited with or tendered to such person pursuant to a tender or exchange offer or take-over bid by such person, unless those securities have been taken up or paid for;

(b) the securities have been deposited with such person under a take-over bid pursuant to a permitted lock-up agreement;

(c) such person (including a mutual fund or investment fund manager, trust Corporation, pension fund administrator, trustee or non-discretionary client accounts of registered brokers or dealers) is engaged in the management of mutual funds, investment funds or public assets for others, as long as that person:

(i) holds those Common Shares in the ordinary course of its business for the account of others;

(ii) is not making a take-over bid or acting jointly or in concert with a person who is making a take-over bid; or

(iii) such person is a registered holder of securities as a result of carrying on the business of or acting as a nominee of a securities depository.

Definition of "Separation Time"

Separation Time occurs on the tenth trading day after the earlier of:

(a) the first date of public announcement that a person has become an Acquiring Person;

(b) the date of the commencement or announcement of the intent of a person to commence a take-over bid (other than a Permitted Bid or Competing Permitted Bid); and

(c) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such;

or such later date as determined by the Board.

Definition of "Expiration Time"

Expiration Time occurs on the date being the earlier of:

(a) the time at which the right to exercise Rights is terminated under the terms of the Rights Plan; and

(b) immediately after the Corporation's annual meeting of Shareholders to be held in 2017 unless at such meeting the duration of the Rights Plan is extended.

Definition of a "Flip-In Event"

A Flip-In Event occurs when a person becomes an Acquiring Person. Upon the occurrence of a Flip-In Event, any Rights that are beneficially owned by an Acquiring Person, or any of its related parties to whom the Acquiring Person has transferred its Rights, will become null and void and, as a result, the Acquiring Person's investment in the Corporation will be greatly diluted if a substantial portion of the Rights are exercised after a Flip-In Event occurs.

Definition of "Permitted Bid"

A Permitted Bid is a take-over bid made by a person (the "Offeror") pursuant to a take-over bid circular that complies with the following conditions:

(a) the bid is made to all registered holders of Common Shares (other than the Offeror);

(b) the Offeror agrees that no Common Shares will be taken up or paid for under the bid for at least 60 days following the commencement of the bid; and that no Common Shares will be taken up or paid for unless, at such date, more than 50% of the outstanding Common Shares held by Shareholders, other than the Offeror and certain related parties, have been deposited pursuant to the bid and not withdrawn;

(c) the Offeror agrees that the Common Shares may be deposited to and withdrawn from the take-over bid at any time before such Common Shares are taken up and paid for; and

(d) if, on the date specified for take-up and payment, the condition in paragraph (b) above is satisfied, the Offeror will make a public announcement of that fact and the bid will remain open for an additional period of at least 10 business days to permit the remaining Shareholders to tender their Common Shares.

Definition of "Competing Permitted Bid"

A Competing Permitted Bid is a take-over bid that:

(a) is made while another Permitted Bid or Competing Permitted Bid has been made and prior to the expiry of that Permitted Bid or Competing Permitted Bid;

(b) satisfies all the requirements of a Permitted Bid other than the requirement that the Offeror agrees that: (1) no Common Shares will be taken up or paid for under the bid: (i) for at least 60 days following the commencement of the bid; (ii) after such date, more than 50% of the outstanding Common Shares held by Shareholders, other than the Offeror and certain related parties, have been deposited pursuant to the bid and not withdrawn; and (2) Common Shares may be deposited pursuant to such take-over bid at any time during the 60 day period described in (1)(i) of this paragraph, that any Common Shares deposited pursuant to such take-over bid may be withdrawn until taken up and paid for; and (3) upon deposit of more than 50% of the outstanding Common Shares as described under (1)(ii) in this paragraph, the Offeror will make a public announcement of such 50% deposit and such take-over bid is to remain open for deposits and tenders of Common Shares for a minimum of 10 business days from the date of such public announcement;

(c) contains the conditions that no Common Shares be taken up or paid for pursuant to the Competing Permitted Bid (x) prior to the close of business on a date that is not earlier than the later of (1) the earliest date on which Common Shares may be taken up and paid for under any prior bid in existence at the date of such Competing Permitted Bid, and (2) 35 days after the date of such Competing Permitted Bid, and (y) unless, at the time that such Common Shares are first taken up or paid for, more than 50% of then outstanding Common Shares held by Shareholders, other than the Offeror and certain related parties, have been deposited pursuant to the Competing Permitted Bid and not withdrawn.

Redemption of Rights

Subject to prior consent of the holders of Common Shares, all (but not less than all) of the Rights may be redeemed by the Board at any time before a Flip-In Event occurs at a redemption price of $0.0001 per Right (subject to adjustment). In addition, in the event of a successful Permitted Bid, Competing Permitted Bid or a bid for which the Board has waived the operation of the Rights Plan, the Corporation will immediately upon such acquisition and without further formality, redeem the Rights at the redemption price. If the Rights are redeemed pursuant to the Rights Plan, the right to exercise the Rights will, without further action and without notice, terminate and the only right thereafter of the Rights holders is to receive the redemption price.

Waiver

Before a Flip-In Event occurs, the Board may waive the application of the "Flip-In" provisions of the Rights Plan to any prospective Flip-In Event which would occur by reason of a take-over bid made by a take-over bid circular to all registered holders of Common Shares. However, if the Board waives the Rights Plan with respect to a particular bid, it will be deemed to have waived the 2011 Rights Plan with respect to any other take-over bid made by take-over bid circular to all registered holders of Common Shares before the expiry of that first bid. The Board may also waive the "Flip-In" provisions of the Rights Plan in respect of any Flip-In Event provided that the Board has determined that the Acquiring Person became an Acquiring Person through inadvertence and has reduced its ownership to such a level that it is no longer an Acquiring Person.

Term of the Rights Plan

Unless otherwise terminated, the Rights Plan will expire at the Expiration Time (defined above).

Amending Power

Except for amendments to correct clerical or typographical errors, Shareholder (other than the Offeror and certain related parties) or Rights holder majority approval is required for supplements or amendments to the Rights Plan. In addition, any supplement or amendment to the Rights Plan will require the written concurrence of the Rights Agent.

Rights Agent

The Rights Agent under the Rights Plan is Computershare Investor Services Inc.

Rights Holder not a Shareholder

Until a Right is exercised, the holders thereof as such will have no rights as a Shareholder of the Corporation.

Shareholder Resolution – Renewal Shareholder Rights Plan

At the Meeting, Shareholders will be asked to vote on the following ordinary resolution, with or without variation:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. **the continued existence of the Shareholder Rights Plan Agreement dated as of September 30, 2011 between the Corporation and Computershare Investor Services Inc. and the Rights (as such term is defined thereunder) issued pursuant thereto are hereby ratified, confirmed and re-approved;**

2. **the Corporation be authorized to abandon the Rights Plan if the Corporation's Board of Directors deems it appropriate and in the best interests of the Corporation to do so; and**

3. **any director or officer of the Corporation be and is hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute and deliver such agreements, documents and instruments and to take such other actions as such person may determine to be necessary or advisable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such agreement, document or instrument or the taking of any such action."**

Recommendation of the Board of Directors

The Board of Directors has determined that the Rights Plan is in the best interest of the Corporation and its shareholders. **The Board of Directors unanimously recommends that shareholders vote for the Shareholder Rights Plan Resolution to ratify, confirm and approve the continued existence of the Rights Plan and the Rights issued pursuant thereto.**

To be effective, the Shareholder Rights Plan Resolution must be approved by a majority of votes cast in person or by proxy at the Meeting. **Unless instructed in the form of proxy to the contrary, the management proxy nominees named in the accompanying form of proxy intend to vote "FOR" the approval of the Shareholder Rights Plan Resolution.**

A copy of the Rights Plan can be obtained by contacting the Corporation. A copy will also be available for review at the Meeting.

D. CONTINUANCE FROM CANADA BUSINESS CORPORATIONS ACT TO PROVINCE OF BRITISH COLUMBIA/ADOPTION NEW ARTICLES

The Corporation was incorporated under the Canada Business Corporations Act on June 19, 2003 under the name "6109527 Canada Ltd." On September 30, 2003, 6109527 Canada Ltd. changed its name to "Evolving Gold Corp."

Management of the Corporation believes it to be in the best interests of the Corporation to continue the Corporation into the governing jurisdiction of the Province of British Columbia (the "Continuance") and to adopt new Articles in accordance with the *Business Corporations Act* (British Columbia) (the "New Articles"). The Business Corporations Act (British Columbia) (the "BCBCA") is a more recent statute than the CBCA and provides more flexibility than that of the CBCA. In particular, the BCBCA, unlike the CBCA, does not require that at least 25% of the directors be ordinarily resident in Canada and the Corporation may need the flexibility to recruit directors who can contribute to its growth and development, wherever such persons may reside. Continuance under the BCBCA will also provide some added flexibility with respect to corporate transactions. Also, the most common jurisdiction of residence among the directors and the business office of the Corporation is located in British Columbia.

Continuance Process

In order to effect the Continuance:

(a) the Corporation must obtain the approval of its shareholders to the Continuance by way of a special resolution to be passed by not less than two-thirds of the votes cast at the Meeting in person or by proxy ("Special Resolution");

(b) the Corporation must make a written application to the Director under the CBCA for consent to continue under the BCBCA, such written application to establish to the satisfaction of the Director that the proposed Continuance will not adversely affect the Corporation's creditors or shareholders;

(c) once the Special Resolution is passed and the Corporation has obtained the consent of the Director under the CBCA, the Corporation must file a Continuation Application and the consent of the Director under

the CBCA, along with prescribed documents under the BCBCA, with the Registrar of Companies under the BCBCA to obtain a Certificate of Continuation;

(d) on the date shown on the Certificate of Continuation issued by the British Columbia Registrar of Companies, the Corporation will become a company registered under the laws of the Province of British Columbia as if it had been incorporated under the laws of the Province of British Columbia; and

(e) the Corporation must then file a copy of the Certificate of Continuation with the Director under the CBCA and receive a Certificate of Discontinuance under the CBCA.

Effect of Continuance

Upon the Continuance, the CBCA will cease to apply to the Corporation and the Corporation will thereupon become subject to the BCBCA, as if it had been originally incorporated as a British Columbia company. The Continuance will not create a new legal entity, affect the continuity of the Corporation or result in a change in its business. The persons elected as directors by the shareholders at the Meeting will continue to constitute the Board upon the Continuance becoming effective.

The Continuance will not will affect the Corporation's status as a listed company on the CSE , as a reporting issuer under the securities legislation of any jurisdiction in Canada or as a registrant under the securities legislation in the United States, and the Corporation will remain subject to the requirements of such legislation.

As of the effective date of the Continuation, the Corporation's current constating documents — its Articles and By-laws under the CBCA — will be replaced with a Notice of Articles and Articles under the BCBCA, the legal domicile of the Corporation will be the Province of British Columbia and the Corporation will no longer be subject to the provisions of the CBCA.

Comparison of CBCA and BCBCA

Upon the Continuance, the Corporation would be governed by the BCBCA. Although the rights and privileges of shareholders under the CBCA are in many instances comparable to those under the BCBCA, there are several notable differences and shareholders are advised to review the information contained in this Management Proxy Circular and to consult with their professional advisors.

In general terms, the BCBCA provides to shareholders substantively the same rights as are available to shareholders under the CBCA, including rights of dissent and appraisal and rights to bring derivative actions and oppression actions. There are, however, important differences concerning the qualifications of directors, location of shareholder meetings and certain shareholder remedies. **The following is a summary comparison of certain provisions of the BCBCA and the CBCA. This summary is not intended to be exhaustive and is qualified in its entirety by the full provisions of the CBCA and BCBCA, as applicable.**

Board of Directors

Both the BCBCA and CBCA provide that a public company must have a minimum of three directors. While the BCBCA does not have any Canadian or provincial residency requirements for directors, the CBCA requires that at least 25% of directors of a company must be resident Canadians.

Charter Documents

The form of the charter documents for a BCBCA company is different from the form for a CBCA corporation.

Under the CBCA, the charter documents consist of (i) articles, which set forth, among other things, the name of the corporation, the province in which the corporation's registered office is to be located, the authorized share capital including any rights, privileges, restrictions and conditions thereon, whether there are any restrictions on the transfer of shares of the corporation, the number of directors (or the minimum and maximum number of directors), any restrictions on the business that the corporation may carry on and other provisions such as the ability of the directors to appoint additional directors between annual meetings, and (ii) the by-laws, which govern the management of the corporation. The articles are filed with Corporations Canada and the by-laws are filed only at the registered office.

Under the BCBCA, the charter documents consist of (i) a "notice of articles", which sets forth the name of the company, the company's registered and records office, the names and addresses of the directors of the company and the amount and type of authorized capital, and (ii) "articles" which govern the management of a company and set out any special rights or restrictions attached to shares. The notice of articles is filed with the Registrar of Companies and the articles are filed with the company's registered and records office.

Amendments to Charter Documents

The CBCA requires shareholder approval by Special Resolution to change the name of the corporation, whereas under the BCBCA the board of directors may approve a change of name. The BCBCA permits changes to be made to the constating documents with shareholder approval by ordinary resolution, unless a higher threshold is specified in the articles. The proposed New Articles of the Corporation generally do not specify a higher threshold. Under the CBCA, changes to the articles generally require approval by shareholders by Special Resolution while changes to the by-laws require shareholder approval by ordinary resolution, unless a higher threshold is specified in the by-laws. The BCBCA is slightly less flexible with respect to the timing for adopting changes to the constating documents. Changes to the articles of a BCBCA company require approval by shareholders in order to become effective. The board of directors of a CBCA corporation, however, may amend the by-laws of the corporation with immediate effect, subject to the amendment created to have effect if it is not approved by shareholders at the next shareholder meeting.

Shareholder Proposals and Shareholder Requisitions

Both statutes provide for shareholder proposals. Under the CBCA, a record or non-record shareholder may submit a proposal, although the record or non-record shareholder must either: (i) have owned for six months not less than 1% of the total number of voting shares or voting shares with a fair market value of at least C$2,000, or (ii) have the support of persons who, in the aggregate, have owned for six months not less than 1% of the total number of voting shares or voting shares with a fair market value of at least C$2,000. Under the BCBCA, in order for one or more record or non-record shareholders to be entitled to submit a proposal, they must have held voting shares for an uninterrupted period of at least two years before the date the proposal is signed by the shareholders and must own not less than 1% of the total number of voting shares or voting shares with a fair market value in excess of C$2,000.

Both statutes provide that one or more record shareholders holding more than 5% of the outstanding voting equity may requisition a meeting of shareholders, and permit the requisitioning record shareholder to call the meeting where the board of directors of the company does not do so within the 21 days following the company's receipt of the shareholder meeting requisition. However, the BCBCA, unlike the CBCA, specifies that the requisitioned shareholder meeting must be held within not more than four months after the date the company received the requisition. The CBCA does not specify such an outside limit.

Rights of Dissent and Appraisal

The BCBCA provides that shareholders who dissent to certain actions being taken by a company may exercise a right of dissent and require the company to purchase the shares held by such shareholder at the fair value of such shares. The dissent right is applicable in respect of:

(a) a resolution to alter the Articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;

(b) a resolution to adopt an amalgamation agreement;

(c) a resolution to approve an amalgamation into a foreign jurisdiction;

(d) a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) any other resolution, if dissent is authorized by the resolution; or

(h) any court order that permits dissent.

The CBCA contains a similar dissent remedy, subject to certain qualifications. Regarding (b) and (c) above, under the CBCA, there is no right of dissent in respect of an amalgamation between a company and its wholly-owned subsidiary, or between wholly-owned subsidiaries of the same company. The CBCA also contains a dissent remedy where a company resolves to amend its Articles to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of a class.

Oppression Remedies

Under the BCBCA, a shareholder of a company has the right to apply to court on the grounds that:

(i) the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or

(ii) some act of the company has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.

On such an application, the court can grant a variety of remedies, ranging from an order restraining the conduct complained of to an order requiring the company to repurchase the shareholder's shares or an order liquidating the company.

The CBCA also includes an oppression remedy which is very similar. However, the CBCA will only allow a court to grant relief if the effect actually exists, while the BCBCA will allow a court to grant relief where a prejudicial effect to the shareholder is merely threatened. In addition, under the BCBCA non-shareholders require the leave of a court in order to bring an oppression claim.

Shareholder Derivative Actions

Under the BCBCA, a shareholder or director of a company may, with leave of the court, bring an action in the name and on behalf of the company to enforce a right, duty or obligation owed to the company that could be enforced by the company itself or to obtain damages for any breach of such a right, duty or obligation. A broader right to bring a derivative action is contained in the CBCA, and this right also extends to officers, former shareholders, former directors and former officers of a company or its affiliates, and any person, who, in the discretion of the court, is a proper person to make an application to the court to bring a derivative action. In addition, the CBCA permits derivative actions to be commenced, with leave of the court, in the name and on behalf of a company or any of its subsidiaries.

Place of Meetings

The BCBCA provides that meetings of shareholders may be held at a place outside of British Columbia provided by the Articles, or approved in writing by the British Columbia Registrar of Companies before any such meeting is held, or approved by an ordinary resolution (provided such a location outside of British Columbia is not restricted as a location for meetings under the Articles).

The CBCA provides that meetings of shareholders may be held at the place outside of Canada provided by the Articles, or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

Form of Proxy and Information Circular

The BCBCA requires a reporting company, such as the Corporation, to provide with notice of a general meeting a form of proxy for use by every shareholder entitled to vote at such meeting as well as an information circular containing prescribed information regarding the matter to be dealt with at the meeting.

The CBCA contains provisions which likewise require the mandatory solicitation of proxies and delivery of a management proxy circular.

Flexibility in Structuring Transactions

The BCBCA provides greater flexibility to implement certain transactions than the CBCA does. Unlike the CBCA, the BCBCA permits a subsidiary to hold shares of its parent. The BCBCA also permits a corporate group to implement horizontal short-form amalgamations even though all the shares of the amalgamating companies are not held by the same company within the group and permits a company to amalgamate with a foreign corporation to form a British Columbia company, if permitted by the foreign jurisdiction.

Constitutional Jurisdiction

Other significant differences in the statutes arise from the differences in the constitutional jurisdiction of the federal and provincial governments. For example, a CBCA corporation has the capacity to carry on business throughout Canada. Similarly, under the BCBCA the registered office must be situated in British Columbia, whereas under the CBCA, the registered office of the corporation must be situated in the province specified in its articles. A BCBCA company is only allowed to carry on business in another province where that other province allows it to register to do so. A CBCA corporation is subject to provincial laws of general application, but a province cannot pass laws directed specifically at

restricting a CBCA corporation's ability to carry on business in that province. If another province so chooses, however, it can restrict a BCBCA company's ability to carry on business within that province. Also, a CBCA corporation will not have to change its name if it wants to do business in a province where there is already a corporation with a similar name, whereas a BCBCA company may not be allowed to use its name in that other province. The Corporation does not expect that the Continuance will affect the continuity of the Corporation or result in a change in its business.

Directors authority to set auditor's remuneration

Under the CBCA, remuneration payable to the auditors is fixed by the board, unless fixed by shareholders by ordinary resolution. Under the BCBCA, in order to fix the remuneration payable to the auditors by the board, the Articles need to specify that the directors are authorized to set the remuneration paid to the auditors of the Corporation.

Shareholder meeting matters

Various provisions of the Articles are aimed at providing additional clarity regarding the conduct of shareholder meetings, including (i) confirming that access to ballots and proxies voted at the shareholder meeting will be provided as soon as reasonably practicable after the meeting, (ii) confirming the authority of the chair of the shareholder meeting and the Board to waive the time by which proxies must be deposited with the Corporation or its agent in respect of a shareholder meeting, (iii) revising authority for determining which persons, in addition to shareholders, proxy holders, directors and the auditors, may attend shareholder meetings, (iv) revising authority for adjourning a shareholder meeting due to lack of quorum, (v) clarifying that the chair of the meeting has authority to determine certain disputes in good faith and (vi) clarifying that both the chair of the meeting and the Board have the authority to require evidence of ownership of shares and authority to vote at a shareholder meeting.

Requirements for Special Resolutions

The CBCA requires that certain matters be approved by shareholders by Special Resolution. Under the BCBCA, there is flexibility to provide for different approval requirements for some matters in the articles. The Corporation proposes to adopt the more flexible approach under the BCBCA in order to be able to react and adapt to changing business conditions.

As a result, as allowed under the BCBCA, management and the Board are proposing that the Articles provide for the following matters (which currently require a Special Resolution of the shareholders) to require a directors' resolution only, and not require a shareholders' resolution (recognizing that regulatory authorities may require shareholder approval in certain cases in any event):

(a) a subdivision of all or any of the unissued, or fully paid issued, shares;

(b) a consolidation of all or any of the unissued, or fully paid issued, shares; and

(c) a change of name of the Corporation.

Other capital and share structure changes will continue to require shareholder approval, however the Articles would provide that unless otherwise specified in the Articles or the BCBCA, alterations to the Articles or Notices of Articles will require shareholder approval only by ordinary resolution. The creation, variation or elimination of special rights or restrictions attached to issued shares will nevertheless continue to require shareholder approval by Special Resolution.

Status as a British Columbia Company

Currently, the Corporation's authorized share structure consists of an unlimited number of common shares. If the Company's shareholders approve the Continuance, then the Company will continue to have an unlimited number in its authorized share capital.

Advance notice of nomination of Directors

INTRODUCTION

The New Articles of the Company (Company as defined under the BCBCA/Corporation as defined under the CBCA) will include an advance notice provision (the "**Advance Notice Provision**"), which will:

(i) facilitate orderly and efficient annual general or, where the need arises, special, meetings;

(ii) ensure that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and

(iii) allow shareholders to register an informed vote. The full text of the proposed Advance Notice Provision to the New Articles is set out in Schedule A to this Information Circular.

PURPOSE OF THE ADVANCE NOTICE PROVISION

The purpose of the Advance Notice Provision is to foster a variety of interests of the shareholders and the Company by ensuring that all shareholders - including those participating in a meeting by proxy rather than in person - receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. The Advance Notice Provision is the framework by which the Company seeks to fix a deadline by which holders of record of Common shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

EFFECT OF THE ADVANCE NOTICE PROVISION

1. Subject to the British Columbia *Business Corporations Act* (the "BCBCA") or (the "Act") and the New Articles, the persons who are nominated in accordance with the following procedures shall only be eligible for election as directors of the Company. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders (but only if one of the purposes for which the special meeting was called was the election of directors):

(a) by or at the direction of the Board of the Company, including pursuant to a notice of meeting;

(b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the BCBCA, or a requisition of the shareholders made in accordance with the provisions of the BCBCA; or

(c) by any person (a "**Nominating Shareholder**"):

(i) who, at the close of business on the date of the giving of the notice provided for below in the Advance Notice Provision 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

(ii) who complies with the notice procedures set forth below in the Advance Notice Provision.

2. 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 Corporate Secretary of the Company at the principal executive offices of the Company.

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

(a) 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 40 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 tenth (10th) day following the Notice Date; and

(b) 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 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. Notwithstanding the foregoing, the Board may, in its sole discretion, waive the time periods summarized above.

4. To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Company must set forth:

(a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:

(i) the name, age, business address and residential address of the person;

(ii) the principal occupation or employment of the person;

(iii) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;

(iv) a statement as to whether such person would be "independent" of the Company (within the meaning of applicable securities law) if elected as a director at such meeting and the reasons and basis for such determination; and

(v) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

(b) as to the Nominating Shareholder giving the notice,

(i) the class or series and number of shares in the authorized share structure of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and

(ii) 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 BCBCA and Applicable Securities Laws (as defined below).

5. To be eligible to be a candidate for election as a director of the Company and to be duly nominated, a candidate must be nominated in the manner prescribed in the Advance Notice Provision and the candidate for nomination, whether nominated by the board or otherwise, must have previously delivered to the Corporate Secretary of the Company at the principal executive offices of the Company, not less than 5 days prior to the date of the meeting, a written representation and agreement (in form provided by the Company) that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director (and, if requested by any candidate for nomination, the Corporate Secretary of the Company shall provide to such candidate for nomination all such policies and guidelines then in effect).

6. No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Provision; provided, however, that nothing in the Advance Notice Provision 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 Act. 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.

7. For purposes of the Advance Notice Provision:

(a) "**public announcement**", shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and

(b) "**Applicable Securities Laws**", means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each applicable provinces and territories of Canada.

8. Notwithstanding any other provision of the Advance Notice Provision, notice or any delivery given to the Corporate Secretary of the Company pursuant to the Advance Notice Provision may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), 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 Corporate 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 a 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.

As a CBCA company, the Company's charter documents consist of Articles of Incorporation and By-laws and any amendments thereto to date. On completion of the Continuance, the Company will cease to be governed by the CBCA and will thereafter be deemed to have been formed under the BCBCA. As part of the special resolution approving the Continuance (the "**Continuance Resolution**"), the Company's shareholders will be asked to approve the adoption of

Notice of Articles and Articles, which comply with the requirements of the BCBCA, copies of which are available for review by the Company's shareholders at the Company's registered and records office.

Shareholder Resolution – Continuance Resolution/Adoption New Articles

At the Meeting, management intends to seek shareholder approval for the Continuance into British Columbia. If the Continuance is approved by the shareholders of the Corporation, then the Corporation intends to file with the British Columbia Registrar of Companies under the BCBCA a Continuation Application pursuant to Section 302 of the BCBCA.

The Continuance must be approved by special resolution in order to become effective. To pass, a special resolution requires a majority of not less than two-thirds of the votes cast by the shareholders present at the Meeting in person or by proxy.

Even if the Continuance is approved, the Board retains the power to revoke it at all times without any further approval by shareholders. The Board will only exercise such power in the event that it is, in its opinion, in the best interest of the Corporation. For example, if a significant number of shareholders dissent in respect of the Continuance, the Board may determine not to proceed with the Continuance.

Shareholders will be asked at the meeting to consider and, if thought fit, approve the below resolution (the "Continuance Resolution") transferring the Company's jurisdiction of incorporation from the federal jurisdiction to British Columbia and to the adoption of New Articles under the BCBCA, as follows:

"Resolved as a special resolution that:

(1) the Continuance of the Corporation into British Columbia, be and the same is hereby authorized and approved subject to the right of the directors to abandon the application without further approval of the shareholders;

(2) subject to such Continuance and the issue of a Certificate of Discontinuance from the *Canada Business Corporations Act* , the Corporation adopt a form of Articles in compliance with the *Business Corporations Act* (British Columbia) in substitution for the Articles and By-laws of the Corporation;

(3) a Continuance Application pursuant to Section 302 of the *Business Corporations Act* (British Columbia), and the Notice of Articles as tabled at the Meeting, with such non material amendments as the directors may approve, be filed with the Registrar of Companies for British Columbia;

(4) the new form of Articles be adopted as tabled at the Meeting, with such non-material amendments as the directors may approve, and that such new form of Articles not take effect until the Continuance Application and Notice of Articles are filed with the Registrar of Companies for British Columbia;

(5) any one director or officer of the Corporation be and is hereby authorized and instructed to take all such acts and proceedings and to execute and deliver all such applications, authorizations, certificates, documents and instruments, as in their opinion may be reasonably necessary or desirable for the implementation of this resolution; and

(6) notwithstanding that the foregoing resolutions have been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered, without further approval or authorization of the shareholders of the Corporation, to revoke any or all of these resolutions at any time prior to their being acted upon."

Upon the Continuance, the Corporation's By-laws will be repealed and new Articles will be adopted. There are many differences between the form of the current By-laws and the proposed Articles. A number of these changes reflect the increased flexibility afforded to companies under the BCBCA as compared with those governed by the CBCA. In certain cases, provisions contained in the Corporation's current By-laws which deal with matters which will, following the Continuance, be dealt with in the BCBCA or applicable securities legislation, rules and policies, will not be contained in the new Articles. As well, certain provisions in the Corporation's current By-laws that reflect the provisions of the CBCA will be retained in the new Articles but will be altered as required to reflect the provisions of the BCBCA. **The Board recommends that the shareholders vote FOR the Continuance.**

A copy of the New Articles is available for viewing up to the date of the Meeting at the Corporation's registered office at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia Canada and will be made available at the Meeting.

Upon the applicable British Columbia Registrar of Companies filings, the Corporation's New Articles will be posted on SEDAR on the Corporation's SEDAR website at www.sedar.com.

Director Discretion

The board of directors of the Corporation reserve the right not to proceed with the transactions contemplated by the Continuance Resolution. Shareholders should be aware that the board of directors of the Corporation will not proceed with the Continuance if they receive a material number of Dissent Notices. This is due to the Corporation's limited amount of available capital. In such a case, Dissenting Shareholders will not be bought out as the Corporation will be abandoning the Continuance.

Rights of Dissent in Respect of the Continuance

Record shareholders who wish to dissent should take note that strict compliance with the dissent procedures is required.

The following description of rights of shareholders to dissent is not a comprehensive statement of the procedures to be followed by a dissenting shareholder who seeks payment of the fair value of its Common Shares and is qualified in its entirety by the reference to the full text of Section 190 of the CBCA which is attached to this Management Proxy Circular as Schedule B. A dissenting shareholder who intends to exercise the right of dissent should carefully consider and comply with the provisions of Section 190 of the CBCA and should seek independent legal advice. Failure to comply strictly with the provisions of the CBCA and to adhere to the procedures established therein may result in the loss of all rights thereunder.

Pursuant to Section 190 of the CBCA, a record shareholder is entitled, in addition to any other right that the shareholder may have, to dissent and to be paid by the Corporation the fair value of the shares in respect of which that shareholder dissents. "Fair value" is determined as of the close of business on the last business day before the day on which the Continuance is adopted. A shareholder may dissent only with respect to all of the shareholder's Common Shares or shares held by the shareholder on behalf of any one non-record holder. Further, a shareholder may only dissent in respect of shares registered in the dissenting shareholder's name. Persons who are non-record shareholders who wish to dissent with respect to their Common Shares should be aware that only record shareholders are entitled to dissent with respect to them. A record shareholder such as an intermediary who holds Common Shares as nominee for non-record shareholders, must exercise the right of dissent on behalf of non-record shareholders with respect to the Common Shares held for such non-record shareholders. In such case, the Notice of Objection (as defined below) should set forth the number of Common Shares it covers.

A record shareholder who wishes to dissent must send a written objection notice (the "Notice of Objection") objecting to the Continuance to the Corporation, Suite 605, 1166 Alberni Street, Vancouver, British Columbia Canada, fax number 604-909-1163 , Attention: Charles E. Jenkins, Corporate Secretary, at or prior to the time of the Meeting or any adjournment thereof in order to be effective.

The delivery of a Notice of Objection does not deprive a record shareholder of its right to vote at the Meeting, however, a vote in favour of the Continuance will result in a loss of its rights under Section 190 of the CBCA. A vote against the Continuance, whether in person or by proxy, does not constitute a Notice of Objection, but a shareholder need not vote its Common Shares against the Continuance in order to object. Similarly, the revocation of a proxy conferring authority on the proxy holder to vote in favour of the Continuance does not constitute a Notice of Objection in respect of the Continuance, but any such proxy granted by a shareholder who intends to dissent should be validly revoked in order to prevent the proxy holder from voting such Common Shares in favour of the Continuance.

If the Continuance is approved at the Meeting or at an adjournment or postponement thereof, the Corporation is required to deliver to each shareholder who has filed a Notice of Objection and has not voted for the Continuation or not withdrawn that shareholder's Notice of Objection (each, a "Dissenting Shareholder"), within 10 days after the approval of the Continuance, a notice stating that the Continuance has been adopted (the "Notice of Resolution"). A Dissenting Shareholder then has 20 days after receipt of the Notice of Resolution or, if the Dissenting Shareholder does not receive a Notice of Resolution, within 20 days after learning that the Continuance has been adopted, to send to the Corporation a written notice (a "Demand for Payment") containing the Dissenting Shareholder's name and address, the number of Common Shares in respect of when it dissents and a demand for payment of the fair value of such Common Shares. A Dissenting Shareholder must within 30 days after sending the Demand for Payment, send the certificates representing the Common Shares in respect of which it is dissenting to the Corporation or its transfer agent, Computershare Investor Services Inc. The Corporation or Computershare Investor Services Inc. must endorse the certificates with a notice that the holder is a Dissenting Shareholder under Section 190 of the CBCA and forthwith return the certificates to the Dissenting Shareholder. A Dissenting Shareholder who does not send the certificates within the 30 day period has no right to make a claim under Section 190 of the CBCA.

Dissenting Shareholder ceases to have any rights as a holder of Common Shares, other than the right to be paid their fair value, unless: (i) the Demand for Payment is withdrawn before the Corporation makes an Offer to Pay (as defined below);

(ii) the Corporation fails to make a timely Offer to Pay to the Dissenting Shareholder and the Dissenting Shareholder withdraws the Demand for Payment; or (iii) the Continuation is not proceeded with. Not later than seven days after the later of the date shown on the Certificate of Continuation is issued by the British Columbia Registrar of Companies and the day the Corporation receives the Demand for Payment, the Corporation must send a written offer to pay ("Offer to Pay") in the amount considered by the Board to be the fair value of the Common Shares in respect of which the Dissenting Shareholder has dissented. The Offer to Pay must be accompanied by a statement showing how the fair value was determined. Every Offer to Pay made to Dissenting Shareholders must be on the same terms, and lapses if not accepted within 30 days after being made.

If the Offer to Pay is accepted, payment must be made within 10 days of acceptance.

If the Corporation does not make an Offer to Pay or if a Dissenting Shareholder fails to accept an Offer to Pay, the Corporation may, within 50 days after the date shown on the Certificate of Continuation is issued by the British Columbia Registrar of Companies or within such further period as a court of competent jurisdiction may allow, apply to the court to fix a fair value for the securities of any Dissenting Shareholder. If the Corporation fails to so apply to the court, a Dissenting Shareholder may do so for the same purpose within a further period of 20 days or such other period as the court may allow. A Dissenting Shareholder is not required to give security for costs in any application to the court. Applications referred to in this paragraph may be made to a court of competent jurisdiction in the place where the Corporation has its registered office or in the province where the Dissenting Shareholder resides if the Corporation carries on business in that province.

If the Corporation makes an application to the court, it must give notice of the date, place and consequences of the application and of the Dissenting Shareholder's right to appear and be heard to each Dissenting Shareholder who has sent the Corporation a Demand for Payment and has not accepted an Offer to Pay. All Dissenting Shareholders whose shares have not been purchased by the Corporation must be made parties to the application and are bound by the decision of the court. The court is authorized to determine whether any other person is a Dissenting Shareholder who should be joined as a party to such application.

The court must fix a fair value for the shares of all Dissenting Shareholders and may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the effective date of the Continuation until the date of payment of the amount so fixed. The final order of the court in the proceedings commenced by an application by the Corporation or a Dissenting Shareholder must be rendered against the Corporation and in favour of each Dissenting Shareholder.

The above is only a summary of the dissenting shareholder provisions of the CBCA. A shareholder of the Corporation wishing to exercise a right to dissent should seek independent legal advice. Failure to comply strictly with the provisions of the statute may prejudice the right of dissent.

INDEMNIFICATION

No indemnification under section 124 of *Canada Business Corporations Act* has been paid or is to be paid for the last completed financial year.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation provides insurance for the benefit of the directors and officers of the Corporation, more particularly described as a premium of $17,500 for its primary D&O insurance policy which is, in aggregate for directors and officers, $5,000,000;

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on www.sedar.com and from the Chief Financial Officer. Financial information is provided in the Corporation's financial statements and related management discussion and analysis for the year ended March 31, 2013 and filed on www.sedar.com. The Corporation will provide information or documentation to any person or company, upon request to Chief Financial Officer of the Corporation. Copies of the documents will be provided, upon request, free of charge to security holders of the Corporation. The Corporation may require the payment of a reasonable charge from any person or company who is not a security holder of the Corporation, who requests a copy of any such document.

OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Management Proxy Circular.

SHAREHOLDER PROPOSALS

Pursuant to Canadian law, shareholder proposals to be considered for inclusion in the management proxy circular for the next annual meeting of the Corporation (expected to be held on September 30, 2015) must be received by the Chief Financial Officer of the Corporation on or before the close of business on June 30, 2015.

DIRECTORS' APPROVAL

The contents of this Management Proxy Circular and its distribution to shareholders have been approved by the Board of the Corporation.

Dated at Vancouver, British Columbia, August 28, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

"R. Bruce Duncan"

R. Bruce Duncan
Director and Chief Executive Officer

This is Schedule A to the Management Proxy Circular of

EVOLVING GOLD CORP.

Advance Notice Provisions

"Nomination of Directors

14.12

Subject only to the Act:

(a) 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 at any annual meeting of shareholders, or at any special meeting of shareholders (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting):

(i) by or at the direction of the board or an authorized officer of the Company, 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 Act or a requisition of the shareholders made in accordance with the provisions of the Act; 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 in this §14.12 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 this §14.12.

(b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given (i) timely notice thereof in proper written form to the Corporate Secretary of the Company at the principal executive offices of the Company in accordance with this §14.12 and (ii) the representation and agreement with respect to each candidate for nomination as required by, and within the time period specified in §14.12(e).

(c) To be timely under §14.12(b)(i), a Nominating Shareholder's notice to the Corporate 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 called for a date that is less than 40 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 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 fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

(iii) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this §14.12(c).

(d) To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Company, under §14.12(b)(i) must set forth:

(i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director,

(A) the name, age, business address and residence address of the person,

(B) the principal occupation or employment of the person,

(C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice,

(D) a statement as to whether such person would be "independent" of the Company (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination, and

(E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and

(ii) as to the Nominating Shareholder giving the notice,

(A) any 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 Act and Applicable Securities Laws, and

(B) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.

(e) To be a candidate eligible for election as a director of the Company and to be duly nominated, a candidate must be nominated in the manner prescribed in this §14.12 and the candidate for nomination, whether nominated by the board or otherwise, must have previously delivered to the Corporate Secretary of the Company at the principal executive offices of the Company, not less than 5 days prior to the date of the Meeting of Shareholders, a written representation and agreement (in the form provided by the Company) that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director (and, if requested by any candidate for nomination, the Corporate Secretary of the Company shall provide to such candidate for nomination all such policies and guidelines then in effect).

(f) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this §14.12; provided, however, that nothing in this §14.12 shall be deemed to preclude discussion by a shareholder (as distinct from nominating 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 Act. The chair 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.

(g) For purposes of this §14.12:

(i) "**Affiliate**", when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;

(ii) "**Applicable Securities Laws**" means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the applicable provinces and territories of Canada;

(iii) "**Associate**", when used to indicate a relationship with a specified person, shall mean,

(A) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding,

(B) any partner of that person,

(C) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity,

(D) a spouse of such specified person,

(E) any person of either sex with whom such specified person is living in conjugal relationship outside marriage, or

(F) any relative of such specified person or of a person mentioned in clauses (D) or (E) of this definition if that relative has the same residence as the specified person;

(iv) **Derivatives Contract**" shall mean a contract between two parties (the "Receiving Party" and the "Counterparty") that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the "Notional Securities"), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;

(v) "**Meeting of Shareholders**" shall mean such annual shareholders meeting or special shareholders meeting, whether general or not, at which one or more persons are nominated for election to the board by a Nominating Shareholder;

(vi) "**owned beneficially**" or "**owns beneficially**" means, in connection with the ownership of shares in the capital of the Company by a person,

(A) any such shares as to which such person or any of such person's Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing,

(B) any such shares as to which such person or any of such person's Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or

the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing,

(C) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person's Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns beneficially pursuant to this clause (C) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty's Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty's Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate, and

(D) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities; and

(vii) "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company or its agents under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

(h) Notwithstanding any other provision to this §14.12, notice or any delivery given to the Corporate Secretary of the Company pursuant to this §14.12 may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), 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 Corporate 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 a not a business day or later than 5:00 pm (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.

(i) 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 in §14.12(c) or the delivery of a representation and agreement as described in §14.12(e)."

This is Schedule B to the Management Proxy Circular of

EVOLVING GOLD CORP.

DISSENT PROVISIONS

Record shareholders have the right to dissent in respect of the Continuance. Such right of dissent is described in the Management Proxy Circular. The full text of Section 190 of the CBCA is set forth below.

SECTION 190 OF THE *CANADA BUSINESS CORPORATIONS ACT*

Right to dissent

190. (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(*d*) that affects the holder or if the corporation resolves to

- (*a*) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;
- (*b*) amend its articles under section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;
- (*c*) amalgamate otherwise than under section 184;
- (*d*) be continued under section 188;
- (*e*) sell, lease or exchange all or substantially all its property under subsection 189(3); or
- (*f*) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to subsection (26), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

- (*a*) the shareholder's name and address;
- (*b*) the number and class of shares in respect of which the shareholder dissents; and
- (*c*) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under subsection (8) a notice that the holder is a dissenting shareholder under this section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this section except where

- (*a*) the shareholder withdraws that notice before the corporation makes an offer under subsection (12),
- (*b*) the corporation fails to make an offer in accordance with subsection (12) and the shareholder withdraws the notice, or
- (*c*) the directors revoke a resolution to amend the articles under subsection 173(2) or 174(5), terminate an amalgamation agreement under subsection 183(6) or an application for continuance under subsection 188(6), or abandon a sale, lease or exchange under subsection 189(9),

in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (7), send to each dissenting shareholder who has sent such notice

- (*a*) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or
- (*b*) if subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under subsection (15) or (16).

Parties

(19) On an application to a court under subsection (15) or (16),

- (*a*) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and
- (*b*) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that subsection (26) applies

(24) If subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where subsection (26) applies

(25) If subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under subsection (24), may

- (*a*) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or
- (*b*) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (*a*) the corporation is or would after the payment be unable to pay its liabilities as they become due; or
- (*b*) the realizable value of the corporation’s assets would thereby be less than the aggregate of its liabilities.