

# INZINC MINING LTD.

Suite 912 – 510 West Hastings Street  
Vancouver, BC V6B 1L8

<b>2016</b>	Notice of Annual Meeting of Shareholders
<b>ANNUAL</b>	Management Proxy Circular
<b>MEETING</b>	Form of Proxy and Notes Thereto
	Financial Statement Request Form

<b>Place:</b>	Boardroom Computershare 510 Burrard Street, 2nd Floor Vancouver BC V6C 3B9
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<b>Time:</b>	2:00 p.m. (Pacific time)
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<b>Date:</b>	Thursday, May 26, 2016
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## INZINC MINING LTD.

### CORPORATE DATA

#### **Head Office**

Suite 912 – 510 West Hastings Street  
Vancouver, BC V6B 1L8

#### **Directors and Officers**

Christiaan F. Staargaard – President, CEO, Corporate Secretary & Director  
Kerry M. Curtis – Chairman & Director  
Louis G. Montpellier – Director  
Wayne Hubert – Director  
Steve E. Vanry – Chief Financial Officer

#### **Registrar and Transfer Agent**

Computershare Investor Services Inc.  
2<sup>nd</sup> Floor, 510 Burrard Street  
Vancouver, BC V6C 3B9

#### **Legal Counsel**

Gowling Lafleur Henderson LLP  
Suite 2300 – 550 Burrard Street  
Vancouver, BC V6C 2B5

#### **Auditor**

Davidson & Company LLP  
Suite 1200 – 609 Granville Street  
Vancouver, BC V7Y 1G6

#### **Listing**

TSX Venture Exchange (the “Exchange”)  
Symbol “IZN”

**INZINC MINING LTD.**  
**Suite 912 – 510 West Hastings Street**  
**Vancouver, BC V6B 1L8**  
**(604) 687-7211**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the Annual Meeting of the shareholders (the “**Shareholders**”) of InZinc Mining Ltd. (the “**Corporation**”) will be held in the boardroom at Computershare, 2nd Floor, 510 Burrard Street, Vancouver BC V6C 3B9, on Thursday, May 26, 2016, at the hour of 2:00 p.m. (Pacific time) (the “**Meeting**”), for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2015 (with comparative statements relating to the preceding fiscal period) together with the report of the auditors thereon;
2. To fix the number of directors at FOUR (4);
3. To elect directors of the Corporation;
4. To appoint the auditors and to authorize the directors to fix their remuneration;
5. To consider and, if thought fit, to pass an ordinary resolution providing the required annual approval of the Corporation’s 2004 Incentive Stock Option Plan, as more particularly described in the accompanying management proxy circular (the “**Circular**”); and
6. To transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice is the Corporation’s Circular, a form of proxy or voting instruction form and a financial statement request card. The accompanying Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

**Registered Shareholders:** Every registered holder of common shares at the close of business on April 21, 2016 is entitled to receive notice of, and to vote such common shares at the Meeting.

Registered Shareholders who are unable to attend the Meeting in person and who wish to ensure that their common shares will be voted at the Meeting are requested to complete, sign and deliver the enclosed form of proxy c/o Proxy Dept., Computershare Investor Services Inc. (“**Computershare**”), 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1. In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment(s) thereof. Further instructions with respect to the voting by proxy are provided in the form of proxy and in the Circular accompanying this Notice.

**Non-Registered Shareholders:** Shareholders may beneficially own common shares that are registered in the name of a broker, another intermediary or an agent of that broker or intermediary (“**Non-Registered Shareholders**”). Without specific instructions, intermediaries are prohibited from voting shares for their clients. If you are a Non-Registered Shareholder, it is vital that the voting instruction form provided to you by Computershare, your broker, intermediary or its agent is returned according to the instructions provided in or with such form, sufficiently in advance of the deadline specified, to ensure that they are able to provide voting instructions on your behalf.

DATED at Vancouver, British Columbia, this 27th of April, 2016.

BY ORDER OF THE BOARD

*(signed) “Christiaan F. Staargaard”*

President, CEO, Corporate Secretary  
and Director

**INZINC MINING LTD.**  
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(604) 687-7211

**MANAGEMENT PROXY CIRCULAR**

(Containing information as at April 21, 2016 unless indicated otherwise)

**SOLICITATION OF PROXIES**

This management proxy circular (“**Circular**”) is furnished in connection with the solicitation of proxies by the management of the Corporation for use at the annual meeting of shareholders of InZinc Mining Ltd. (the “**Corporation**”) (and any adjournment thereof) to be held on Thursday, May 26, 2016 (the “**Meeting**”) at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and regular employees of the Corporation at nominal cost. All costs of solicitation by management will be borne by the Corporation.

The contents and the sending of this Circular have been approved by the directors of the Corporation.

**APPOINTMENT OF PROXYHOLDER**

The individuals named as proxyholder in the accompanying form of proxy are directors of the Corporation. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY. A proxy will not be valid unless the completed form of proxy is received by COMPUTERSHARE INVESTOR SERVICES INC. of 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof.** Proxies delivered after that time will not be accepted.

**REVOCAION OF PROXIES**

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to the registered office of the Corporation, at Suite 2300, 550 Burrard Street, Vancouver, British Columbia, V6C 2B5 at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

**INFORMATION FOR NON-REGISTERED SHAREHOLDERS**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only registered shareholders may vote at the Meeting.** If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those common shares will not be registered in such shareholder’s name on the records of the Corporation. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Common shares held by brokers (or their agents or nominees) on behalf of a broker’s

client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Corporation to the registered shareholders. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote common shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of common shares must be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted.**

This Circular and accompanying materials are being sent to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own ("**Objecting Beneficial Owners**", or "**OBOs**") and those who do not object to their identity being made known to the issuers of the securities they own ("**Non-Objecting Beneficial Owners**", or "**NOBOs**"). Subject to the provision of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents. Pursuant to NI 54-101, issuers may obtain and use the NOBO list for distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

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

The Corporation's OBOs can expect to be contacted by Broadridge or their brokers or their broker's agents as set out above.

### **Non-Registered Shareholders**

The Corporation has not adopted the notice-and-access procedure described in NI 54-101 and National Instrument 51-102 – *Continuous Disclosure Obligations* to distribute its proxy-related materials to the registered shareholders and Beneficial Shareholders. The Corporation has agreed to pay to distribute the proxy-related materials for the Meeting to the OBOs.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his or her broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. **Beneficial shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should enter their own names in the blank space on the proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to shareholders in this Circular and the accompanying form of proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

### VOTING OF PROXIES

The shares represented by a properly executed proxy in favour of persons proposed by management as proxyholders in the accompanying form of proxy will:

- (a) be voted or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any ballot that may be taken; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

ON A POLL SUCH SHARES WILL BE VOTED **IN FAVOUR** OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED BY THE SHAREHOLDER.

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

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Authorized Capital: unlimited common shares without par value ( the “**common shares**”)

Issued and Outstanding: 72,205,419<sup>(1)</sup> common shares

Note:

(1) As at April 21, 2016.

Shareholders are entitled to one vote per common share at meetings of the shareholders, to dividends if, as and when declared by the board of directors (the “**Board**”) of the Corporation, and, upon liquidation, to share equally in such assets of the Corporation as are distributable to the shareholders.

Only shareholders of record at the close of business on April 21, 2016 (the “**Record Date**”) who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their shares voted at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders, or who is holding a proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each common share registered in his name on the list of shareholders, which is available for inspection during normal business hours at Computershare and will be available at the Meeting.

Other than as set out in the table below, to the knowledge of the directors and executive officers of the Corporation, no person beneficially owns, or controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Corporation.

Name	Number of Shares	Percentage
Geologic Resource Partners LLC	9,497,500	13.2%

## Votes Necessary to Pass Resolutions

In order to approve a motion proposed at the Meeting a majority of greater than 50% of the votes cast will be required (an “**ordinary resolution**”) unless the motion requires a special resolution in which case a majority of two-thirds of the votes cast will be required (a “**special resolution**”). If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## ELECTION OF DIRECTORS

The Board presently consists of four directors and shareholders will be asked to determine the number of directors for the ensuing year at four and to elect the proposed directors as directors of the Corporation for the ensuing year.

The term of office of each of the present directors expires at the Meeting. Pursuant to the Corporation’s Articles of Continuance, the number of directors of the Corporation shall be a minimum of 3 and a maximum of 10. The four persons named below will be presented for election at the Meeting as management’s nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees as directors. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual meeting of the Corporation or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of Continuance and By-law No. 1 of the Corporation and the provisions of the *Canada Business Corporations Act* (“**CBCA**”).

In the following table and notes thereto is stated the name of each person proposed to be nominated by management for election as a director (a “**proposed director**”), the country in which he is ordinarily resident, all offices of the Corporation now held by him, his principal occupation, the province and country of residence, the period of time for which he has been a director of the Corporation, and the number of common shares of the Corporation beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at April 21, 2016.

<b>Name, Position, Province and Country of Residence<sup>(1)</sup></b>	<b>Principal Occupation and, If Not at Present an Elected Director, Occupation During the Past 5 years<sup>(1)</sup></b>	<b>Service as a Director</b>	<b>Number of Shares<sup>(2)</sup></b>
<b>Staargaard, Christiaan F.</b> <i>President and CEO, Director, Corporate Secretary</i> British Columbia, Canada	President, Chief Executive Officer and Corporate Secretary of the Corporation.	Since June 7, 2002	1,573,400 <sup>(7)</sup>
<b>Curtis, Kerry M.</b> <sup>(3)(4)(5)</sup> <i>Director and Chairman</i> British Columbia, Canada	President and CEO of several private companies based in British Columbia; formerly President and CEO of Cumberland Resources Ltd.	Since July 30, 2012	3,175,000 <sup>(8)</sup>
<b>Montpellier, Louis G.</b> <sup>(3)(4)(5)</sup> <i>Director,</i> British Columbia, Canada	Mining Lawyer; formerly Vice-President, Corporate Development and General Counsel for Exeter Resource Corporation 2010-2012 (Director 2008-2012); Vice-President, Corporate Development and General Counsel for Ex Torre Gold Mines Limited 2010-2012	Since December 16, 2009	1,377,000 <sup>(9)</sup>

<u>Name, Position, Province and Country of Residence<sup>(1)</sup></u>	<u>Principal Occupation and, If Not at Present an Elected Director, Occupation During the Past 5 years<sup>(1)</sup></u>	<u>Service as a Director</u>	<u>Number of Shares<sup>(2)</sup></u>
<b>Hubert, Wayne</b> <sup>(3)(4)(5)</sup> <i>Director</i> Utah, USA	Mining Consultant; formerly CEO and Director of Andean Resources Ltd. 2006-2010;	Since July 30, 2012	3,729,500

Notes:

- (2) The information as to province and country of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (3) The information as to common shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (4) Member of the Audit Committee (Chair – Wayne Hubert)
- (5) Member of the Corporate Governance Committee (Chair – Louis Montpellier)
- (6) Member of the Compensation Committee (Chair – Kerry Curtis)
- (7) Of this total, 573,400 common shares are held by Staargaard Geological Inc., a company controlled by Mr. Staargaard.
- (8) Of this total, 120,000 common shares are held by the Childrens Trust.
- (9) Of this total, 1,100,000 common shares are held by Patrocinium Services Corp., a company controlled by Mr. Montpellier.

Pursuant to Section 8.23 of the Corporation’s By-law No. 1, nominations by shareholders for the election of directors at the Meeting (other than nominations by shareholders pursuant to a shareholder proposal or a requisitioned meeting) must be received by the Corporation on or before April 26, 2016. No such nominations have been received.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Corporation acting solely in such capacity.

#### AUDIT COMMITTEE

Under National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), companies are required to provide disclosure with respect to their audit committee including the text of the audit committee’s charter, composition of the audit committee and the fees paid to the external auditor. This information is set out in the attached Schedule “A”.

#### STATEMENT OF EXECUTIVE COMPENSATION

For the purposes of this Circular, a “**Named Executive Officer**” each a “**NEO**” means each of the following individuals:

- (a) a chief executive officer (“**CEO**”) of the Corporation;
- (b) a chief financial officer (“**CFO**”) of the Corporation,
- (c) each of the Corporation’s three most highly compensated executive officers, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6, for the December 31, 2015 financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity at December 31, 2014.

Based on the foregoing, the Corporation has two NEOs, namely, Christiaan F. Staargaard, the President and CEO of the Corporation and Steven E. Vanry, the CFO of the Corporation.



## **Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's executive compensation objectives and processes and to discuss compensation decisions relating to its NEOs listed in the Summary Compensation Table that follows. The Corporation has, as of yet, no significant revenues from operations and often operates with limited financial resources to ensure that funds are available to complete scheduled programs. As a result, the Board has to consider not only the financial situation of the Corporation at the time of the determination of executive compensation, but also the estimated financial situation of the Corporation in the mid and long-term. An important element of executive compensation is that of stock options, which do not require cash disbursement by the Corporation.

### ***Compensation Philosophy and Objectives***

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. The Corporation's compensation philosophy is to foster entrepreneurship at all levels of the organization by making long term equity-based incentives, through the granting of stock options, a significant component of executive compensation. This approach is based on the assumption that the performance of the Corporation's common share price over the long term is an important indicator of long term performance.

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

1. *Compensation programs align with shareholder interests* – the Corporation aligns the goals of executives with maximizing long term shareholder value;
2. *Performance sensitive* – compensation for executive officers (including NEOs) should be linked to operating and market performance of the Corporation and fluctuate with that performance; and
3. *Offer market competitive compensation to attract and retain talent* – the compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new individuals of the highest calibre.

### ***Analysis of Elements***

The principal elements of the executive officers' compensation consist of the following: base salary and long-term incentive awards (stock options). These elements, described below in more detail, are designed to reward corporate and individual performance. Corporate performance is generally measured relative to operational objectives and corporate values. Individual performance is evaluated based on individual expertise, leaderships, ethics, and achievement of personal performance and commitments.

### ***Compensation Governance***

A Compensation Committee consisting of three independent directors, Kerry Curtis, Louis Montpellier and Wayne Hubert was responsible for ensuring that the Corporation has in place an appropriate plan for executive compensation. The Compensation Committee ensures that total compensation paid to all NEOs is consistent with the Corporation's compensation philosophy.

The Compensation Committee has expertise in, among other things, evaluating overall compensation policies, plans and practices as well as setting compensation for executive officers, overseeing and administering equity compensation plans and establishing employment retention and severance arrangements for executive officers.

### ***Competitive Compensation***

The Compensation Committee reviews compensation practices within the industry in determining compensation policy. Although the Compensation Committee reviews each element of compensation for market competitiveness, and it may weigh a particular element more heavily based on the NEOs' role within the Corporation, it is primarily focused on remaining competitive in the market with respect to total compensation.

The Compensation Committee relies on the experience of its members as officers and/or directors at other companies in similar lines of business as the Corporation in assessing compensation levels. The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar business characteristics;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish a basis for developing salary adjustments and option based compensation.

The Corporation does not have a formal compensation program with set benchmarks nor has the Compensation Committee formally considered the implications of the risks associated with the Corporation's compensation policies and practices.

The Corporation has not placed a restriction on the purchase by its NEOs or other employees of financial instruments (including prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or employee. To the Corporation's knowledge, none of the NEOs have purchased any such financial instruments.

#### ***Base Salary***

The Compensation Committee and the Board approve the salaries for the NEOs and relies on budgetary guidelines and other internally generated planning and forecasting tools, in their annual assessment of the compensation of the NEOs. The base salary review for the NEOs is also based on assessment of other factors such as current market conditions. The Corporation's policy for determining salary for executive officers is consistent with the administration of salaries for all other employees.

#### ***Option-Based Awards***

The Corporation has no long-term incentive plans other than its incentive stock option plan (the "**Plan**").

The NEOs, the directors and officers and certain consultants are entitled to participate in the Plan. The Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Compensation Committee believes that the Plan aligns the interests of the NEOs and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Corporation's common shares.

Options are granted by the Board. In monitoring or adjusting the option allotments, the Board takes into account the level of options granted by the Benchmark Group for similar levels of responsibility and its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the NEO and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

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

- parties who are entitled to participate in the Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the market price on the date of grant;
- the date on which each option is granted;
- the vesting period, if any, for each stock option;

- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The Compensation Committee makes these determinations subject to and in accordance with the provisions of the Plan. The Board reviews and approves grants of options on an annual basis.

### ***Consulting Contracts***

The CFO has signed a consulting agreement with the Corporation. This agreement is for a definite term and other than as provided below, does not provide for certain benefits in case of termination without cause of the NEO or change in the control of the Corporation. There is no formal consulting agreement with the CEO.

Pursuant to a consulting agreement dated January 1, 2009, as amended, (the “**Vanry Agreement**”) the Corporation has agreed to pay the Corporation’s CFO one month’s compensation for each year of service from the CFO’s retention in January 2009 as a result of change of control and the payment of one month’s base fee as a result of termination without cause. The Vanry Agreement is described in more detail under “Termination and Change of Control Benefits”.

The Corporation believes that the above-noted arrangements are an important component of the overall compensation package it offers to its NEOs and are necessary in order to attract and retain its key executives.

The Plan provides the possibility of certain benefits in the event of a change of control or similar situations. Under the Plan, in the event of an offer to purchase common shares of the Corporation or any part thereof shall be made to all holders of common shares of the Corporation, the Corporation shall have the right to amend, abridge or otherwise eliminate any vesting schedule, upon written notice thereof to each optionee holding options under the Plan, to permit the exercise of all such options, so as to permit the optionee to tender the shares received upon such exercise pursuant to the offer. All rights of optionees to such options or to exercise same (to the extent not previously exercised) shall terminate and cease to have further force or effect whatsoever.

### **Summary Compensation Table**

The following table sets forth all direct and indirect compensation for, or in connection with, services provided to the Corporation and its subsidiaries for the financial years ended December 31, 2013, December 31, 2014 and December 31, 2015 in respect of the CEO and CFO of the Corporation.

Name and principal position	Year <sup>(1)</sup>	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(5)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$) <sup>(3)</sup>
					Annual incentive plans	Long-term incentive plans			
Christiaan F. Staargaard, President & CEO	2015	\$84,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	\$84,000
	2014	\$140,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	\$140,000
	2013	\$168,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	\$168,000
Steven E. Vanry, CFO	2015	\$18,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	\$18,000
	2014	\$30,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	\$30,000
	2013	\$36,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	\$36,000

**Notes:**

- (1) Financial years ended December 31.
- (2) Management compensation paid to a private company controlled by C. Staargaard,. Of the 2015 amount, \$10,404.04 remained payable as of December 31, 2015.
- (3) All amounts shown were paid in Canadian currency, the reporting currency of the Corporation.

- (4) Compensation paid to a private company controlled by S. Vanry pursuant to the Vanry Agreement as described under “Termination and Change of Control Benefits”. Of the 2015 amount, \$1,360 remained payable as of December 31, 2015.

## Incentive Plan Awards

### Outstanding Option-Based Awards

The following table sets forth for the NEOs, the incentive stock options (option-based awards), pursuant to the Plan, outstanding as at December 31, 2015. This information includes awards granted before the financial year ended on December 31, 2015. The Corporation does not grant share-based awards.

Name	Option-based Awards					Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Number of options that have not vested (#)	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Christiaan F. Staargaard, President & CEO	700,000	\$0.10	02-Nov-2017	Nil	N/A	Nil	Nil
Steven E. Vanry, CFO	150,000	\$0.10	02-Nov-2017	Nil	N/A	Nil	Nil

Note:

- (1) This amount is calculated as the difference between the market value of the securities underlying the options on December 31, 2015, being the last trading day of the Corporation’s shares on the Exchange for the financial year, which was \$0.065, and the exercise price of the option. As at December 31, 2015, none of the unexercised options were in-the-money.

### Incentive Plan Awards – Value Vested or Earned During The Year

The following table sets forth for the NEOs, the value vested during the financial year ended on December 31, 2015 for options awarded under the Plan, as well as the value earned under non-equity incentive plans for the same period.

Name	Option-based awards - Value vested during the year (\$) <sup>(1)</sup>	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Christiaan F. Staargaard, President & CEO	Nil	N/A	N/A
Steven Vanry, CFO	Nil	N/A	N/A

Note:

- (1) The value of the option-based awards that had vested during the year ended December 31, 2015 was determined using the Black-Scholes option-pricing model and “Graded Vesting” as required under International Financial Reporting Standards (IFRS).

For the grant dated November 2, 2012, 50% of the options vested immediately and the remaining 50% vested on November 2, 2013. The exercise price of options at the time of grant is set at or above the market price of the Corporation’s common shares on the grant date. Accordingly, the in-the-money value of these incentive stock option grants at the time of vesting is nil.

A description of the significant terms of the Corporation’s Plan is found under the heading “Securities Authorized for Issuance under Equity Compensation Plan” and “Particulars of Matters to be Acted Upon – Annual Approval of Stock Option Plan”.

## **Pension Plan Benefits**

The Corporation does not provide a defined benefit plan or a defined contribution plan for any of its executive officers, nor does it have a deferred compensation plan for any of its executive officers.

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

### *Termination and Change of Control Benefits*

Other than as described below, the Corporation does not have any plan contract, agreement or plan or arrangement that provides for payments to the NEOs at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, a change in control of the Corporation or a change in the NEO's responsibilities.

On January 1, 2009, the Corporation entered into the Vanry Agreement (collectively, with the SGI Agreement, the “**Consulting Agreements**”) with 677185 B.C. Ltd. (the “**Consultant**”), a company owned by Steve Vanry, serving, effective January 1, 2009, as the current Chief Financial Officer of the Corporation. Pursuant to the Vanry Agreement the Corporation agreed to pay to the Consultant a monthly consulting fee of \$3,000 including reimbursement of travelling and out-of-pocket expenses. As of September 1, 2014, the monthly consulting fee payable to the Consultant was reduced from \$3,000 to \$1,500 by mutual agreement and in consideration of prevailing financial conditions. The Vanry Agreement was for an original term of twelve months with the ability of the parties to extend such term. The Vanry Agreement was renewed as of January 1, 2016 for a period of one year.

Pursuant to the terms of the Vanry Agreement:

- (i) the Consultant may terminate the Vanry Agreement prior to the expiry of the term of the agreement by giving 30 days written notice to the Corporation;
- (ii) prior to expiry of the term of the agreement and other than for a Change of Control (as defined below), the Corporation has the right to terminate the Vanry Agreement without cause on one month's written notice or payment of one month's base fee in lieu of such notice; and
- (iii) where termination of the Vanry Agreement occurs by the Corporation on a Change of Control (as defined below), the Corporation is required to pay to the Consultant a sum equal to one month's compensation for each year of service from the Consultant's retention in January, 2009.

“**Change of Control**” under the Vanry Agreement shall include, but not be limited to:

- (a) the purchase or acquisition of shares of the Corporation and/or securities (the “**Convertible Securities**”) convertible into shares of the Corporation or carrying rights to acquire shares of the Corporation, as a result of which a person, group of persons or persons acting jointly or in concert (collectively, the “**Holder**”) beneficially own or exercise control or direction over shares of the Company and/or Convertible Securities such that, assuming only the conversion of the Convertible Securities beneficially owned by the Holders, entitle them to cast more than fifty percent (50%) of the votes attaching to all of the shares of the Corporation which may be cast to elect directors.
- (b) the Corporation's shareholder approval of:
  - (i) an amalgamation, arrangement, merger or other combination of the Corporation with another company(ies) pursuant to which the shareholders of the Corporation will not immediately thereafter own shares of the successor or continuing company entitling them to cast more than fifty percent (50%) of the votes attaching to all of the shares in the capital of the successor or continuing company which may be cast to elect directors of that company;
  - (ii) a reorganization; or

- (iii) a sale of all or substantially all of the Corporation's assets.

***Estimated Incremental Payments on Change of Control***

Pursuant to the Consulting Agreement with the CFO, the Corporation is required to make certain payments upon termination (whether voluntary, involuntary, or constructive), resignation, retirement, change of control or change in the NEO's responsibilities, as applicable. An estimate of the amount of these payments assuming that the triggering event giving rise to such payments occurred on December 31, 2015, is set out in the table below:

NEO	Triggering Event		
	Resignation or Retirement	Termination without Cause	Change of Control
Steven E. Vanry	Nil	\$1,500	\$9,000

As of December 31, 2015, if the Corporation had chosen to terminate the Vanry Agreement without cause after a Change of Control of the Corporation or in the case of a termination without cause, the Consultant would respectively have been entitled to receive approximately \$9,000 or approximately \$1,500 from the Corporation, the estimated incremental payment upon termination; and any stock options held by the Consultant will be exercisable for a period of ninety days from the date of such termination (please refer to the "Outstanding Option-Based Awards" table for the number of stock options held).

**Director Compensation**

***Director Compensation Table***

The following table sets forth all amounts of compensation provided to the directors (other than NEOs) for the Corporation's most recently completed financial year ended December 31, 2015.

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Kerry Curtis	Nil	Nil	\$ Nil	Nil	N/A	Nil	\$ Nil
Louis Montpellier	Nil	Nil	\$ Nil	Nil	N/A	Nil	\$ Nil
Wayne Hubert	Nil	Nil	\$ Nil	Nil	N/A	Nil	\$ Nil

Note:

(1) Amount is based on the grant date fair value of the award for a financial year using the Black-Scholes option pricing model with the various assumptions related to expected volatility, risk-free interest rate, expected life and expected dividend yield. Option pricing models require the input of highly subjective assumptions including the expected price volatility.

***Outstanding Option-Based Awards***

The following table sets forth for each director (other than NEOs) all awards outstanding at the end of the most recently completed financial year, including awards granted before December 31, 2015. No share-based awards have been granted.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Kerry Curtis	500,000 <sup>(2)</sup>	\$0.10	02-Nov-2017	Nil	Nil	Nil
Louis Montpellier	400,000 <sup>(2)</sup>	\$0.10	02-Nov-2017	Nil	Nil	Nil
Wayne Hubert	500,000 <sup>(2)</sup>	\$0.10	02-Nov-2017	Nil	Nil	Nil

Notes:

- (1) Value is calculated based on the difference between the exercise price of the option and the closing price of the Corporation's common shares on the Exchange on December 31, 2015, being the last trading day of the Corporation's shares for the financial year, which was \$0.065. As at December 31, 2015, none of the unexercised options were in-the-money.
- (2) These options vested as to 50% on the date of grant and as to the balance on November 2, 2013.

***Incentive Plan Awards – Value Vested or Earned During The Year***

The following table sets forth for each director, other than the NEOs of the Corporation, the value vested or earned under incentive plans during the fiscal year ended December 31, 2015.

Name (a)	Option-based awards - Value vested during the year (\$) (b)	Share-based awards - Value vested during the year (\$) (c)	Non-equity incentive plan compensation - Value earned during the year (\$) (d)
Kerry Curtis	Nil	Nil	Nil
Louis Montpellier	Nil	Nil	Nil
Wayne Hubert	Nil	Nil	Nil

Note:

- (1) Value vested during the year is calculated by subtracting the market price of the Corporation's common shares on the date the option vested (being the closing price of the Corporation's shares on the Exchange on the last trading day prior to the vesting date) from the exercise price of the option.

A description of the significant terms of the Corporation's Plan is found under the heading "Securities Authorized for Issuance under Equity Compensation Plan" and "Particulars of Matters to be Acted Upon – Annual Approval of Stock Option Plan".

**DISCLOSURE OF CORPORATE GOVERNANCE PRACTICE**

National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 52-110") requires issuers to disclose the corporate governance practices that they have adopted according to the guidelines provided pursuant to National Policy 58-201 *Corporate Governance Guidelines* ("NP-58-201").

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators (the "CSA") have adopted NP 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers. In addition, the CSA has implemented NI 58-101, which prescribes certain disclosure by the Corporation of its corporate governance practices. A description of the Corporation's corporate governance practices is set out in the attached Schedule "B".

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

At any time during the Corporation’s last completed financial year, no director, executive officer, employee, proposed management nominee for election as a director of the Corporation nor any associate of any such director, executive officer, or proposed management nominee of the Corporation or any former director, executive officer or employee of the Corporation or any of its subsidiaries is or has been indebted to the Corporation or any of its subsidiaries or is or has been indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than routine indebtedness.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

**Equity Compensation Plan Information**

The following table provides information regarding compensation plans under which securities of the Corporation are authorized for issuance in effect as of the end of the Corporation’s most recently completed financial year end:

*Equity Compensation Plan Information*

	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b>
<b>Plan Category</b>	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity Compensation Plans Approved By Shareholders	2,650,000	\$0.10	4,570,540□
Equity Compensation Plans Not Approved By Shareholders	N/A	N/A	N/A
Total:	2,650,000	\$0.10	4,570,540

The Board approved the Plan on April 20, 2004, which was approved by the shareholders of the Corporation at the Corporation’s annual and special meeting held on June 23, 2004. The Plan was re-approved by the shareholders on an annual basis until amended in May 27, 2009 and then ratified and re-approved annually, most recently on May 27, 2015. The Plan is a rolling stock option plan whereby the number of shares that can be reserved for issuance pursuant to a stock option grant may not exceed 10% of the Corporation’s issued and outstanding share capital (on a non-diluted basis) at the time of any option grant.

The purpose of the Plan is to allow the Corporation to grant options to directors, officers, employees and consultants, as an incentive to dedicate their efforts to advance the success of the Corporation. The granting of options is intended to align the interests of such persons with that of the shareholders. Options will be exercisable over periods of up to five years as determined by the Board of the Corporation and are required to have an exercise price no less than the closing market price of the Corporation’s shares prevailing on the day that the option is granted, less the allowable discount permitted and in accordance with the policies of the Exchange. Pursuant to the Plan, the Board may, from time to time, authorize the issue of options to directors, officers, employees and consultants of the Corporation and its subsidiaries or employees of companies providing management or consulting services to the Corporation or its subsidiaries.



The terms of the Plan authorize the Board to grant stock options to optionees on the following terms:

1. The aggregate number of shares which may be issued pursuant to options granted under the Plan, unless otherwise approved by shareholders, may not exceed that number which is equal to 10% of the shares of the Corporation issued and outstanding at the time of the grant.
2. The number of shares subject to each option will be determined by the Board, provided that the aggregate number of shares reserved for issuance pursuant to options granted to:
  - (a) any one individual during any 12-month period may not exceed 5% of the issued shares of the Corporation;
  - (b) any one consultant during any 12-month period may not exceed 2% of the issued shares of the Corporation;
  - (c) all persons employed to provide investor relations activities (as a group) may not exceed 2% of the issued shares of the Corporation during any 12-month period;in each case calculated as at the date of grant of the option, including all other shares under option to such person at that time.
3. The options are non-assignable and non-transferable. The options can only be exercised by the optionee as long as the optionee remains an Eligible Person (as defined in the Plan) pursuant to the Plan or within a period of not more than 90 days after ceasing to be an Eligible Person, (30 days in the case of a person engaged in investor relations activities), immediately in the case for dismissal from employment or service for cause. If the optionee dies, the option is exercisable within one year of the date of the optionee's death or the natural expiry date of the option, whichever is sooner.
4. Options granted to consultants engaged to perform investor relations activities must be subject to a vesting requirement, whereby such options will vest over a period of not less than 12 months, with a maximum of 25% vesting in any three-month period.
5. On the occurrence of a takeover bid, issuer bid or going private transaction, the Board will have the right to accelerate the date on which any option becomes exercisable.
6. The exercise price and the number of common shares which are subject to an option may be adjusted from time to time for share dividends, and in the event of reclassifications, reorganizations or changes in the capital structure of the Corporation.
7. The Corporation must obtain disinterested shareholder approval of stock options granted to insiders under the Plan, if the Plan, together with all of the Corporation's previously established and outstanding stock option plans or grants exceed 10% of the issued share within a 12-month period.

See "Particulars of Matters to be Acted Upon - Annual Approval of Stock Option Plan" for further details.

#### **CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

None of the proposed directors of the Corporation (or any of their personal holding companies):

- (a) is, as at the date of this Circular, or has been, within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any company, including the Corporation, that:
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of the Corporation and which resulted

from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

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

None of the proposed directors (or any of their personal holding companies) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the respective directors.

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

Other than as set forth in this Circular and other than transactions carried out in the ordinary course of business of the Corporation or any of its subsidiaries, none of the directors or executive officers of the Corporation, a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation, nor any shareholder beneficially owning, directly or indirectly, common shares of the Corporation, or exercising control or direction over common shares of the Corporation, or a combination of both, carrying more than 10% of the voting rights attached to the outstanding shares of the Corporation nor an associate or affiliate of any of the foregoing persons has since January 1, 2015 (being the commencement of the Corporation's last completed financial year) any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Corporation or any of its subsidiaries.

#### **MANAGEMENT CONTRACTS**

The management functions of the Corporation are substantially performed by the directors and officers of the Corporation, and not to any substantial degree by any other person with whom the Corporation has contracted.

#### **APPOINTMENT OF AUDITORS**

At the Meeting, shareholders will be asked to appoint the auditors to serve until the next annual general meeting of the Corporation and to authorize the Board to fix the remuneration of the auditor so appointed. Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of Davidson & Company, Chartered Accountants, as auditors of the Corporation and to authorize the directors to fix their remuneration. Davidson & Company were first appointed auditors of the Corporation by the directors of the Corporation on February 7, 2011.

A resolution for the appointment of the auditors requires the favourable vote of a simple majority (>50%) of the votes cast at the Meeting.

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

Other than as set forth in this Circular, no person who has been a director or executive officer of the Corporation at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors or the appointment of auditors. Directors and executive officers may, however, be interested in the annual approval of the Plan as detailed below.

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

### **Annual Approval of Stock Option Plan**

As noted under “Securities Authorized for Issuance Under Equity Compensation Plans” the Corporation adopted the Plan which the Corporation’s shareholders approved in June 2004 and subsequently re-approved annually until amended in 2009 and ratified on June 17, 2010. The Plan was then re-approved annually by the shareholders, most recently on May 27, 2015. See “Securities Authorized for Issuance Under Equity Compensation Plans” for the terms and conditions governing the Plan.

A copy of the Plan may be inspected at the head office of the Corporation, Suite 912, 510 West Hastings Street, Vancouver, B.C., V6B 1L8, during normal business hours and at the Meeting. In addition, a copy of the Plan will be mailed, free of charge, to any holder of common shares who requests a copy, in writing, from the Secretary of the Corporation. Any such requests should be mailed to the Corporation, at its head office, to the attention of the Secretary.

As a “rolling” stock option plan, the Plan is required, pursuant to the policies of the Exchange, to be re-approved by the shareholders each year at the Corporation’s annual meeting.

There are currently 2,650,000 options outstanding under the Plan, and an additional 4,570,540 options may be granted (based on the current issued capital of 72,205,419 common shares). Notice of options granted under the Plan must be given to the Exchange on a monthly basis. Any amendments to the Plan must also be approved by the Exchange and, if necessary, by the shareholders of the Corporation prior to becoming effective. Existing incentive stock options are not affected by the vote at the Meeting with respect to the Plan.

Shareholders will be asked to consider and, if deemed appropriate to approve, an ordinary resolution, in substantially the following form (subject to such changes as may be required by the Exchange) to re-approve the Plan:

“RESOLVED as an ordinary resolution that:

1. the Corporation’s “rolling” Stock Option Plan (the “**Plan**”) as described in the Corporation’s Circular dated April 27, 2016 be and is hereby approved;
2. the board of directors of the Corporation be granted the discretion pursuant to the Plan to grant stock options to directors, officers, employees, consultants, management company employees and others providing services to the Corporation and its subsidiaries, as the board of directors sees fit provided, however, that the aggregate number of common shares of the Corporation subject to options under the Plan shall not exceed 10% of the issued and outstanding common shares of the Corporation at the time of grant or such greater number as may be approved from time to time by the shareholders of the Corporation. Such grants shall be made under the terms of the Plan and within the rules and policies of the TSX Venture Exchange in effect at the time of granting and the exercise of any options granted pursuant to such authorization is hereby approved; and
3. any one director or officer of the Corporation, be and he/she is hereby authorized and directed to do all such acts and things and execute and deliver under the corporate seal of the Corporation or otherwise all such deeds, documents, instruments and assurances as in

his/her discretion may be necessary or desirable to give effect to the foregoing resolutions and to complete all transactions in connection with the implementation of the Plan.”

An ordinary resolution requires the favourable vote of a simple majority (>50%) of the votes cast at the Meeting. The Board recommends that shareholders vote in favour of the above resolution. In the absence of contrary instructions, the persons named in the enclosed form of proxy intend to vote FOR the foregoing ordinary resolution at the Meeting.

#### **ANY OTHER MATTERS**

Pursuant to the CBCA, proposals intended to be presented by shareholders for action at the 2017 Annual Meeting must comply with the provisions of the CBCA and be deposited at the Corporation’s head office not later than February 1, 2017 in order to be included in the Circular and form of proxy relating to such meeting.

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

#### **ADDITIONAL INFORMATION**

Additional information regarding the Corporation and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) “Company Profiles – InZinc Mining Ltd.” and at the Corporation’s website located at [www.inzincmining.com](http://www.inzincmining.com). The Corporation’s financial information is provided in the Corporation’s audited comparative financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the SEDAR website at the location noted above. Shareholders of the Corporation may request copies of the Corporation’s financial statements and related management discussion and analysis by contacting Christiaan F. Staargaard at InZinc Mining Ltd., Suite 912 – 510 West Hastings Street, Vancouver, B.C., V6B 1L8 (Phone: (604) 687-7211).

The contents of this Circular and the delivery thereof to the Corporation’s shareholders and to the applicable regulatory authorities has been approved by the directors.

#### **INZINC MINING LTD.**

Per:        “*Christiaan F. Staargaard*”  
              President and Chief Executive Officer

## SCHEDULE “A”

### THE AUDIT COMMITTEE

#### *Audit Committee Charter*

The text of the Audit Committee’s Charter is as follows:

#### **Mandate**

The primary function of the audit committee (the “**Audit Committee**”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation’s systems of internal controls regarding finance and accounting and the Corporation’s auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices at all levels. The Audit Committee’s primary duties and responsibilities are to:

- (a) Serve as an independent and objective party to monitor the Corporation’s financial reporting and internal control system and review the Corporation’s financial statements.
- (b) Review and appraise the performance of the Corporation’s external auditors.
- (c) Provide an open avenue of communication among the Corporation’s auditors, financial and senior management and the Board of Directors.

#### **Composition**

The Audit Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would reasonably be expected to interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

The members of the Audit Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Audit Committee may designate a Chair by a majority vote of the full Audit Committee membership.

#### **Meetings**

The Audit Committee shall meet a least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

#### **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Audit Committee shall:

##### *Documents/Reports Review*

- (a) Review and update this Charter annually.
- (b) Review the Corporation’s financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

*External Auditors*

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders of the Corporation.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Corporation, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
- (g) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Audit Committee by the Corporation and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee.

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

**Financial Reporting Processes**

- (a) In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

- (c) Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

**Other**

Review any related-party transactions.

***Composition of the Audit Committee***

The following are current members of the Audit Committee:

<b>Member</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially literate<sup>(2)</sup></b>
Kerry Curtis	Yes	Yes
Wayne Hubert	Yes	Yes
Louis Montpellier	Yes	Yes

**NOTES:**

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Corporation which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgment. The Corporation is endeavouring to recruit additional knowledgeable directors who will also fit the definition of "independent".
- (2) An individual is financially literate if he 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's financial statements.

***Relevant Education and Experience***

The following is a summary of the Audit Committee members' education and experience which is relevant to the performance of their responsibilities as an Audit Committee member:

Mr. Hubert, B.Sc. (Chemical Engineering), M.B.A., was most recently Chief Executive Officer and director of Andean Resources Ltd. from 2006 until December, 2010, at which time Andean was acquired by Goldcorp for US\$3.5-billion. Prior to his tenure at Andean, Mr. Hubert was with Meridian Gold Inc. for 14 years, ultimately taking on the role of Vice-President of Corporate Development and Investor Relations. During his career, he has gained considerable experience in the areas of mine finance, exploration, project development, permitting and construction.

Mr. Curtis, B.Sc. (Geology), P.Geo., is the former President, CEO and director of Cumberland Resources Ltd., a Canadian gold company which he led until its acquisition by Agnico-Eagle Mines Limited (“**Agnico-Eagle**”) in 2007. He is also a former director of Meliadine Resources Ltd., a privately owned Nunavut gold explorer which was acquired by Agnico-Eagle in 2010. He is currently President and CEO of South Arm Resources Ltd., a private company based in British Columbia. He has 30 years of experience in mineral exploration, feasibility, development and financing, including equity financings for exploration and development and syndicated bank financing for development.

Mr. Montpellier, LL.B, worked exclusively in the capital markets as counsel to emerging issuers and listed public companies engaged in mineral exploration and mining from 1983 to 2010. He is a former founding director and senior officer of Extorre Gold Mines Ltd. which was acquired by Yamana Gold Inc. in 2012. He continues to be involved as an independent director for a number of companies in the mining sector.

#### ***Audit Committee Oversight***

At no time since the commencement of the Corporation’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

#### ***Reliance on Certain Exemptions***

At no time since the commencement of the Corporation’s most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

#### ***Pre-Approval Policies and Procedures***

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading “Responsibilities and Duties – External Auditors”.

#### ***External Auditor Service Fees (By Category)***

The aggregate fees billed by the Corporation’s external auditors in each of the last two fiscal years for audit fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit Related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees<sup>(4)</sup></b>
2014	\$17,750	Nil	\$4,650	Nil
2015 <sup>(5)</sup>	\$18,000	Nil	\$4,750	Nil

#### **NOTES:**

- (1) The aggregate audit fees billed.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements which are not included under the heading “Audit Fees”.
- (3) Fees billed for preparation of Corporation’s corporate tax return.
- (4) The aggregate fees billed for products and services other than as set out under the headings “Audit Fees”, “Audit Related Fees” and “Tax Fees”.
- (5) 2015 amounts are estimates.

#### ***Exemption***

The Corporation is relying upon the exemption in section 6.1 of NI 52-110, which exempts venture issuers (as defined therein) from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of that instrument.



## SCHEDULE “B”

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board of Directors of the Corporation (the “**Board**”), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Corporation. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making. National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines which apply to all public companies. The Corporation has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Corporation’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) mandates disclosure of corporate governance practices for Venture Issuers in Form 58-101F2, which disclosure is set out below.

#### Board of Directors

##### *Structure and Compensation*

The Board is currently composed of four (4) directors. All of the proposed nominees for election as director at the 2016 Meeting are current directors of the Corporation.

NI 58-101 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Corporation. “Material relationship” is defined as a relationship which could, in the view of the Corporation’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. Of the four proposed nominees, Christiaan F. Staargaard, President and Chief Executive Officer is not “independent”. Kerry Curtis, Louis Montpellier and Wayne Hubert are considered by the Board to be “independent”, within the meaning of NI 52-110.

In assessing and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors. The Board would eventually like to have at least one additional member and maintain a majority of independent directors.

Kerry Curtis is currently the Chair of the Board. The independent directors exercise their responsibilities for independent oversight of management, and are provided with leadership through their position on the Board and ability to meet independently of management whenever deemed necessary.

The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current Board compensation arrangements, which currently only include incentive stock options, adequately reflect the responsibilities and risks involved in being an effective director of the Corporation. At the present time, the President and Chief Executive Officer has not received any cash compensation for acting as director, however, he has received management compensation of \$84,000 for the fiscal year ended December 31, 2015. The number of options to be granted is determined by the Compensation Committee,.

The following directors of the Corporation are directors of other reporting issuers:

Christiaan Staargaard	Panoro Minerals Ltd. (TSXV) Megastar Development Corp. (TSXV)
Louis Montpellier	ScoZinc Mining Ltd. (TSXV) Independence Gold Corp. (TSXV)

Wayne Hubert

Argentex Mining Corporation (TSXV)  
Austral Gold Ltd. (ASX)

### *Mandate of the Board*

The mandate of the Board is to manage or supervise the management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation. In doing so, the Board oversees the management of the Corporation's affairs directly and through the Audit Committee. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Corporation's overall business strategies and its annual business plan, reviewing and approving the annual corporate budget and forecast, reviewing and approving significant capital investments outside the approved budget; reviewing major strategic initiatives to ensure that the Corporation's proposed actions accord with shareholder objectives; reviewing succession planning; assessing management's performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Corporation's capital resources. The Board also takes responsibility for identifying the principal risks of the Corporation's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable. At this stage of the Corporation's development, the Board does not believe it is necessary to adopt a written mandate, as sufficient guidance is found in the applicable corporate legislation and regulatory policies. However, as the Corporation grows, the Board will move to develop a formal written mandate.

In keeping with its overall responsibility for the stewardship of the Corporation, the Board is responsible for the integrity of the Corporation's internal control and management information systems and for the Corporation's policies respecting corporate disclosure and communications.

Each member of the Board understands that he is entitled to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances.

The positions of President and CEO are combined. The Board believes the Corporation is well served and the independence of the Board from management is not compromised by the combined role. The Board does not, and does not consider it necessary to, have any formal structures or procedures in place to ensure that the Board can function independently of management.

### *Nomination and Assessment*

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President and CEO. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Corporation's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis. The current size of the Board is such that the entire Board takes responsibility for selecting new directors and assessing current directors. Proposed directors' credentials are reviewed in advance of a Board Meeting with one or more members of the Board prior to the proposed director's nomination.

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing corporate policies. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Corporation's size and current limited operations.

The skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies in the natural resource sector. 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. Board members have full access to the Corporation's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the Corporation's Board.

*Expectations of Management and Ethical Business Conduct*

The Board expects management to operate the business of the Corporation in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Corporation's business plan and to meet performance goals and objectives. To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Corporation's operations and the small number of officers and employees allow the independent members of the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Corporation grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

**Committee Responsibilities and Activities**

Committees of the Board are an integral part of the Corporation's governance structure. At the present time, the Board has three committees: the Audit Committee, the Corporate Governance Committee and the Compensation Committee (the "**Committees**"). Disclosure with respect to the Audit Committee, as required by NI 52-110, is contained in Schedule "A" to this Circular. Each of the Committees consist of three independent directors, Messrs. Montpelier, Hubert and Curtis. The Corporate Governance Committee has responsibility for reviewing the governance policies and practices of the Corporation and their conformity to the Guidelines. Through the Corporate Governance Committee, the Board will continue to assess its policies and practices and the effectiveness of the management and the Board members in carrying out their respective duties. The Compensation Committee is responsible for ensuring that the Corporation has an appropriate plan in place for executive compensation.

