

ALHAMBRA RESOURCES LTD.

ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON MONDAY, DECEMBER 22, 2014

**NOTICE OF MEETING AND
MANAGEMENT INFORMATION CIRCULAR**

**TO BE HELD IN
THE OFFICES OF ALHAMBRA RESOURCES LTD.
#3, 4015 – 1ST STREET S.E.
CALGARY, ALBERTA
T2G 4X7**

AT 1:00 P.M.

ALHAMBRA RESOURCES LTD.

**Suite 3, 4015 – 1st STREET S.E.
CALGARY, ALBERTA
T2G 4X7**

NOTICE OF AN ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS OF ALHAMBRA RESOURCES LTD.

NOTICE IS HEREBY GIVEN THAT the annual and special general meeting of holders of common shares of Alhambra Resources Ltd. (the “Corporation”) will be held in the offices of the Corporation, #3, 4015 – 1st Street S.E., Calgary, Alberta, T2G 4X7 at 1:00 p.m. (Calgary time), on Monday, December 22, 2014, for the following purposes.

1. **To receive and consider the annual report of the board of directors and the audited financial statements of the Corporation for the financial year ended December 31, 2013.**
2. **To fix the board of directors of the Corporation at five (5) members.**
3. **To elect the board of directors for the ensuing year.**
4. **To appoint KPMG LLP, Chartered Accountants, as the auditors of the Corporation for the ensuing year and to authorize the board of directors to fix their remuneration.**
5. **To consider and if thought appropriate, to approve and adopt, with or without modification, an ordinary resolution to renew and approve the stock option plan for the Corporation, particulars of which are set forth and described in the management information circular accompanying this notice of meeting.**
6. **To transact such other business as may be properly brought before the meeting.**

DATED at the City of Calgary, in the Province of Alberta, this 22th day of November, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

“John J. Komarnicki”

**John J. Komarnicki
Chairman and Chief Executive Officer**

IMPORTANT

It is desirable that as many common shares as possible be represented at the meeting. If you do not expect to attend and would like your common shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in the envelope provided for that purpose. All instruments of proxy, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not later than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the meeting or any adjournment thereof. Late instruments of proxy may be accepted or rejected by the Chairman of the meeting at his sole discretion and the Chairman is under no obligation to accept or to reject any particular late instruments of proxy.

TABLE OF CONTENTS

| | |
|--|----|
| APPOINTMENT, VOTING AND REVOCATION OF PROXIES | 1 |
| Appointment | 1 |
| Voting | 1 |
| Revocation | 2 |
| VOTING SHARES AND PRINCIPAL HOLDERS THEREOF | 2 |
| Beneficial Holders | 2 |
| Registered Shareholders | 3 |
| QUORUM REQUIREMENT | 3 |
| STATEMENT OF EXECUTIVE COMPENSATION | 4 |
| Overview | 4 |
| Objectives of Compensation Program | 4 |
| Role of Executive Officers in Compensation Decisions | 4 |
| Principal Components of Compensation Program | 4 |
| Base Salaries | 4 |
| Stock Option Plan | 4 |
| Perquisites and Other Components | 5 |
| Risks Associated with Compensation Policies and Practices | 5 |
| OPTION-BASED AWARDS | 6 |
| COMPENSATION GOVERNANCE | 6 |
| SUMMARY COMPENSATION | 6 |
| INCENTIVE PLAN AWARDS | 7 |
| Outstanding Share-Based Awards and Option-Based Awards | 7 |
| Incentive Plan Awards – Value Vested or Earned During the Year | 8 |
| Outstanding Stock Options | 9 |
| Securities Authorized for Issuance Under Equity Compensation Plans | 9 |
| PENSION PLAN BENEFITS | 10 |
| Defined Benefit Plans and Retirement Plans | 10 |
| Deferred Compensation Plans | 10 |
| TERMINATION AND CHANGE OF CONTROL BENEFIT AND MANAGEMENT CONTRACTS | 10 |
| Employment Contracts | 10 |
| Termination and Change of Control Benefits | 11 |
| Other Compensation | 11 |
| MANAGEMENT CONTRACTS | 11 |
| INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS | 12 |
| INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON | 12 |
| INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS | 12 |
| GOVERNANCE | 12 |
| General | 12 |
| Board of Directors | 13 |
| Director Compensation | 13 |
| Other Board Positions | 15 |
| Chairman of the Board | 15 |
| Orientation and Continuing Education | 15 |
| Ethical Business Conduct | 16 |
| Nomination of Directors | 16 |
| Compensation | 16 |
| Director Assessment | 18 |
| Board Committees | 18 |
| AUDIT COMMITTEE | 19 |
| Audit Committee’s Charter | 19 |
| Composition of the Audit Committee | 19 |
| Relevant Education and Experience | 19 |
| Audit Committee Oversight | 19 |
| Reliance on Certain Exemptions | 19 |
| Pre-Approval Policies and Procedures | 19 |
| External Auditor Service Fees (By Category) | 20 |
| PARTICULARS OF MATTERS TO BE ACTED UPON | 20 |

| | |
|-----------------------------|----|
| OTHER BUSINESS..... | 24 |
| GENERAL MATTERS..... | 24 |
| ADDITIONAL INFORMATION..... | 24 |
| EXHIBIT "A"..... | 25 |
| EXHIBIT "B"..... | 32 |

ALHAMBRA RESOURCES LTD.

ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

**DECEMBER 22, 2014
THE BOARDROOM OF ALHAMBRA RESOURCES LTD.
#3, 4015 – 1ST STREET S.E.
CALGARY, ALBERTA**

MANAGEMENT INFORMATION CIRCULAR

PERSONS MAKING THE SOLICITATION

This management information circular (“Circular”) is furnished in connection with the solicitation of proxies by the board of directors (“Board”) and management of Alhambra Resources Ltd. (the “Corporation”) to be used at the annual and special general meeting (“Meeting”) of the holders of common shares (“Common Shares”) of the Corporation, to be held in the Boardroom of the Corporation., #3, 4015 – 1ST Street S.E., Calgary, Alberta, T2G 4X7, on Monday December 22, 2014 at 1:00 p.m., Calgary time, for the purposes set forth in the enclosed notice of annual and special general meeting (“Notice”).

The costs incurred in the preparation and mailing of both the instrument of proxy and this Circular will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interviews, personal delivery, telephone or any form of electronic communication or by directors, officers and employees of the Corporation who will not be directly compensated therefore.

In accordance with National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation. The record date to determine the registered shareholders entitled to receive Notice of the Meeting is November 21, 2014 (the “Record Date”). This Circular and the information contained herein is dated effective as of the Record Date unless otherwise stated.

APPOINTMENT, VOTING AND REVOCATION OF PROXIES

Appointment

The persons named (the “Management Designees”) in the accompanying instrument of proxy have been selected by the Board of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. Any shareholder has the right to appoint a person (who need not be a shareholder) other than the Management Designees to attend and to vote and act for and on behalf of such person at the Meeting. In order to do so the shareholder may insert the name of such person in the blank space provided in the instrument of proxy, or may use another appropriate form of instrument of proxy. Such shareholder should notify the nominee of the appointment, obtain consent to act as proxy and provide instructions on how the shareholder’s Common Shares are to be voted. All instruments of proxy must be deposited with the Corporation’s Registrar and Transfer Agent, Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 not later than forty eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof. The Chairman of the Meeting in his sole discretion may refuse to recognize any instrument of proxy received after such time.

Voting

Common Shares represented by any properly executed instrument of proxy in the accompanying form will be voted or withheld from voting on any ballot that may be called for in accordance with the instructions given by the

shareholder. **In the absence of such direction, such Common Shares will be voted in favour of the matters set out herein.**

The accompanying instrument of proxy confers discretionary authority on the Management Designees with respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting. As of the date hereof, management of the Corporation is not aware of any such amendments, variations or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the management designees intend to vote in accordance with the judgment of management of the Corporation.

Revocation

In addition to revocation in any other manner permitted by law, a shareholder may revoke a proxy by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing and deposited either at the registered office of the Corporation, Centennial Place, East Tower, 1900, 520 Third Avenue S.W., Calgary, AB, Canada T2P 0R3, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Beneficial Holders

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to herein as "Beneficial Shareholders") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the shareholder's name. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such Common Shares are registered under the name Cede & Co., the registration name for The Depository Trust Company, which acts as nominees for many United States brokerage firms. Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's 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. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Corporation. 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 vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("Broadridge") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to 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 shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form of instrument of proxy to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or**

instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxy holder 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 form of instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to shareholders in this Circular, the accompanying instrument of proxy and the Notice are to registered shareholders unless specifically stated otherwise.

Registered Shareholders

Registered holders of Common Shares as shown on the shareholders' list prepared as of the Record Date will be entitled to vote such shares at the Meeting on the basis of one vote for each Common Share held, except to the extent that the person has transferred the ownership of any of his or her Common Shares after the Record Date, and the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares, and demands, not later than ten (10) days before the Meeting, or shorter period before the Meeting that the by-laws of the Corporation may provide, that his or her name be included in the list before the Meeting, in which case the transferee is entitled to vote his Common Shares at the Meeting.

As of the Record Date, 104,132,059 of the Corporation's unlimited authorized voting Common Shares were issued and outstanding. The Corporation is also authorized to issue an unlimited number of preferred shares, issuable in series, none of which are issued. In addition, there are 3,975,000 Common Shares reserved for issuance upon proper exercise of previously granted stock options.

The following table sets forth as of the Record Date with respect to persons or entities who to the knowledge of the Board and Executive Officers beneficially own, directly or indirectly, or exercise control or direction over, voting securities carrying more than ten (10%) per cent of the voting rights attached to all outstanding voting securities of the Corporation.

| Name and Municipality of Residence | Nature of Ownership | Number and Percentage of Common Shares Held or Controlled as of the Date Hereof |
|---|----------------------------|--|
| Clarence K. Wagenaar Calgary, Alberta | Direct and beneficial | 10,922,048 (10.49%) |

QUORUM REQUIREMENT

Pursuant to paragraph 3.05 of By-Law No. 1, a quorum for the transaction of business at the Meeting shall be at least one (1) person present in person or represented by proxy and representing not less than five percent (5%) of the outstanding Common Shares of the Corporation entitled to vote at the Meeting.

STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Overview

The Compensation Committee (the “CC”) is responsible for determining the overall compensation strategy of the Corporation and administering the Corporation’s executive compensation program. As part of its mandate, the CC approves the appointment and remuneration of the Corporation’s Executive Officers, including the Corporation’s Named Executive Officers identified in the Summary Compensation Table. The CC is also responsible for reviewing the Corporation’s compensation policies and guidelines generally.

Objectives of Compensation Program

It is the objective of the executive compensation program to attract and retain highly qualified executives and to link incentive compensation to performance and shareholder value, while at the same time keeping in mind that the Corporation currently has limited financial resources. It is the goal of the CC to endeavour to ensure that the compensation of Executive Officers is sufficiently competitive to achieve the objectives of the executive compensation program. The CC gives consideration to the Corporation’s long-term interests and quantitative financial objectives, as well to the qualitative aspects of the individual’s performance and achievements.

Role of Executive Officers in Compensation Decisions

The CC receives and reviews recommendations of the Chairman and Chief Executive Officer relating to the general compensation structure and policies and programs for the Corporation and the salary and benefit levels for the Executive Officers.

Principal Components of Compensation Program

The executive compensation program is comprised of two principal components: base salaries and incentive stock option plan which are designed to provide a combination of cash and equity-based compensation to effectively retain and motivate the Executive Officers to achieve the corporate goals and objectives. Other components of the executive compensation program include perquisites and other personal benefits. Each component of the executive compensation program is addressed separately below.

Base Salaries

Salaries for Executive Officers are reviewed annually based on corporate and personal performance and on individual levels of responsibility. Salaries of the Executive Officers are not determined based on benchmarks or a specific formula. The CC submits its recommendation to the full board of directors as to salary of the Chairman and Chief Executive Officer. The CC considers, and, if thought appropriate, approves salaries recommended by the Chairman and Chief Executive Officer for the other Executive Officers of the Corporation.

Stock Option Plan

A rolling incentive share option plan for directors, officers, key employees and consultants of the Corporation was approved by the shareholders of the Corporation at the annual and special general meeting of the shareholders held on September 26, 2013 (“Plan”). The Plan provides that options will be issued pursuant to option agreements (“Option Agreements”) which shall provide for the expiration of such options on a date not later than five (5) years after the issuance of such option. A maximum number of Common Shares equal to ten percent (10%) of the issued and outstanding Common Shares, from time to time, may be reserved for issuance under the Plan provided that options may not be granted in any twelve (12) month period to an individual to purchase in excess of five percent (5%) of the then outstanding Common Shares unless disinterested shareholder approval is obtained. Options issued

pursuant to the Plan shall have an exercise price determined by the directors of the Corporation, provided that the exercise price shall not be less than the price permitted by the TSX Venture Exchange Inc. (“Exchange”).

Subject to the particular provisions of any Option Agreements, options granted under the Plan are non transferable and expire at the earlier of five (5) years from the date of grant or ninety (90) days from the date the optionee ceases to be an officer, director, employee or consultant of the Corporation. In the event of death of an optionee, options held by the estate of such optionee shall expire at the earlier of five (5) years from the date of grant or one (1) year from the date of ceasing to be an officer, director, employee or consultant of the Corporation due to death.

In accordance with the policies of the Exchange, rolling stock option plans similar to the Corporation’s Plan must be renewed and approved on an annual basis. The board of directors have resolved by resolution dated effective November 20, 2014 to renew the Plan upon the same terms and conditions as the existing Plan. See “Particulars of Matters to be Acted Upon - Approval of Stock Option Plan”.

The CC administers the incentive stock option plan that is designed to provide a long-term incentive that is linked to shareholder value. The CC determines the number of options to be granted to each Executive Officer or employees based on the level of responsibility and experience required for the position. The CC regularly reviews and where appropriate adjusts the number of options granted to individual Executive Officers and employees. The CC sets the number of options as appropriate designed to attract and retain qualified and talented employees.

The Corporation granted stock options to purchase nil Common Shares of the Corporation to Executive Officers and nil stock options to directors who were not also Executive Officers during the most recently completed financial year ended December 31, 2013.

Perquisites and Other Components

Other components of compensation include perquisites and personal benefits as determined by the CC that are consistent with the overall compensation strategy. There is no formula for how perquisites or personal benefits are utilized in the total compensation package

The Corporation does not provide any pension or retirement benefits to its Executive Officers.

Benchmarks

Salaries of the Executive Officers are not determined based on benchmarks or a specific formula.

Risks Associated with Compensation Policies and Practices

The oversight and administration of the Corporation’s executive compensation program requires the CC to consider risks associated with the Corporation’s compensation policies and practices. Potential risks associated with compensation policies and compensation awards are considered at annual meetings of the CC at which compensation related recommendations to the Board are formulated.

The Corporation’s executive compensation policies and practices are intended to align management incentives with the long-term interests of the Corporation and its shareholders. In each case, the Corporation seeks an appropriate balance of risk and reward. Practices that are designed to avoid inappropriate or excessive risks include (i) the Corporation’s operating strategy and related compensation philosophy, (ii) the effective balance, in each case, between cash and equity mix, near-term and long-term focus, corporate and individual performance, and financial and non-financial performance; and (iii) a multi-faceted approach to performance evaluation and compensation that does not reward an executive for engaging in risky behaviour to achieve one objective to the detriment of other objectives.

Based on this review, the CC believes that the Corporation’s total executive compensation program does not encourage executive officers to take unnecessary or excessive risk.

The Corporation does not prohibit the Named Executive Officers (as defined below) or the directors of the Corporation from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such person. The Named Executive Officers and directors have advised the Corporation that they have not entered into any such arrangements. To the extent that they subsequently enter into an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, their economic exposure to the Corporation, insider reporting laws in Canada provide that they must file a report disclosing the existence and material terms of the agreement, arrangement or understanding within five days of the event.

OPTION-BASED AWARDS

A description of the process that the Corporation uses to grant option-based awards to Executive Officers including the role of the CC and Executive Officers, see the description under the “*Compensation Discussion and Analysis – Elements of Compensation – Stock Option Plan.*” Also for an additional description of the stock option plans of the Corporation see “*Securities Authorized for Issuance Under Equity Compensation Plans.*”

COMPENSATION GOVERNANCE

The policies and practices adopted by the Board to determine the compensation of the Corporation’s executive officers and directors is described under “*Statement of Executive Compensation – Compensation Discussion and Analysis.*”

The CC is comprised of three directors, Mr. Gordon L. Levang (Chairman), Mr. James S. Bunyan and Mr. Graham A. Karklin, all of whom are independent. The skills and experience of each Committee member in executive compensation that is relevant to his responsibilities and the making of decisions on the suitability of the Corporation’s compensation policies and practices are as follows:

| | |
|-----------------------------|---|
| Gordon L. Levang (Chairman) | Extensive managerial experience; experience in recruiting skilled personnel for various companies of mineral extraction industry; experience of working with industry consultants in the field of executive compensation. |
| James S. Bunyan | Extensive resources extraction industry experience; board membership with a number of public companies in the mining industry; knowledge of mining industry standards and expectations. |
| Graham A. Karklin | Extensive mining industry experience with the world leading mining companies and knowledge of their compensation policies; mine management experience; knowledge of mining industry standards and expectations. |

The CC’s mandate is to review the compensation policies of the Corporation. See “*Governance – Compensation.*”

SUMMARY COMPENSATION

Securities legislation requires the disclosure of compensation received by each “Named Executive Officer” of the Corporation for the most recently completed financial year. “Named Executive Officer” is defined by the legislation to mean (i) each of Chief Executive Officer and Chief Financial Officer of the Corporation (ii) each of the Corporation’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year and whose total compensation exceeds \$150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not

serving as an executive officer of the Corporation at the end of the most recently completed financial year end of the Corporation.

“Executive Officer” is defined by the legislation to mean (i) the chair, vice-chair or president of the Corporation, (ii) a vice-president of the Corporation in charge of a principal business unit, division or function including sales, finance or production, or (iii) an individual performing a policy-making function in respect of the Corporation.

The following table sets forth a summary of all compensation for services paid during the three most recently completed financial years that end on or after December 31, 2011 for Named Executive Officers, namely John J. Komarnicki, Chairman and Chief Executive Officer, Donald D. McKechnie, Vice President, Finance and Chief Financial Officer, Ihor P. Wasyliw, Vice President and Chief Information Officer, and Pavlo (Paul) Marchenko, Vice President Business Development.

SUMMARY COMPENSATION TABLE FOR NAMED EXECUTIVE OFFICERS

| Name and Principal Position of Named Executive Officer ⁽¹⁾ | Year ended Dec. 31 | Salary (\$) | Share-based awards (\$) | Option-based awards (\$) ⁽²⁾ | Non-equity incentive plan compensation (\$) | | Pension value (\$) | All other compensation (\$) | Total compensation (\$) |
|--|--------------------|-------------|-------------------------|---|---|---------------------------|--------------------|-----------------------------|-------------------------|
| | | | | | (f) | | | | |
| | | | | | Annual incentive plan | Long-term incentive plans | | | |
| (a) | (b) | (c) | (d) | (e) | (f1) | (f2) | (g) | (h) | (i) |
| John J. Komarnicki Chairman and Chief Executive Officer | 2013 | 37,950 | nil | nil | nil | nil | nil | nil | nil |
| | 2012 | 227,700 | nil | 574,730 | nil | nil | nil | nil | 227,700 |
| | 2011 | 220,000 | nil | 386,514 | nil | nil | nil | 33,000 | 827,730 |
| Donald D. McKechnie Vice President Finance and Chief Financial Officer | 2013 | 32,775 | nil | nil | nil | nil | nil | nil | 32,775 |
| | 2012 | 196,650 | nil | nil | nil | nil | nil | nil | 196,650 |
| | 2011 | 190,000 | nil | 321,849 | nil | nil | nil | 28,500 | 540,349 |
| Ihor P. Wasyliw ⁽³⁾ Vice President and Chief Information Officer | 2013 | 29,325 | nil | nil | nil | nil | nil | nil | 29,325 |
| | 2012 | 175,950 | nil | nil | nil | nil | nil | nil | 175,950 |
| | 2011 | 170,000 | nil | 252,881 | nil | nil | nil | 20,400 | 443,281 |
| Pavlo (Paul) Marchenko ⁽⁴⁾ Vice President Business Development | 2013 | 25,875 | nil | nil | nil | nil | nil | nil | 25,875 |
| | 2012 | 155,250 | nil | nil | nil | nil | nil | nil | 155,250 |
| | 2011 | 150,000 | nil | 206,903 | nil | nil | nil | 16,500 | 373,403 |

Notes:

- (1) Includes the Chief Executive Officer, Chief Financial Officer and each of the three most highly compensated executive officers, whose total salary and bonus exceeds \$150,000.
- (2) The Corporation uses the fair value method of accounting for stock options granted. In determining the fair value of the stock options granted, the Black-Scholes model is used and assumptions regarding interest rates, underlying volatility of the Corporation’s stock and expected life of the options are made.
- (3) Ihor P. Wasyliw resigned from the Corporation effective September 30, 2014.
- (4) Pavlo (Paul) Marchenko resigned from the Corporation effective October 31, 2014.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the financial year ended December 31, 2013 to the Named Executive Officers of the Corporation.

**Outstanding Share-Based Awards and Option-Based Awards to Named Executive Officers
At the End of Most Recently Completed Financial Year**

| Name (a) | Option-based Awards | | | | Share-based Awards | |
|--|--|-----------------------------------|-------------------------------|---|---|---|
| | Number of securities underlying unexercised options (#) (b) | Option exercise price (\$) (c) | Option expiration date (d) | Value of unexercised in-the-money options (\$) (e) | Number of shares or units of shares that have not vested (#) (f) | Market or payout value of share-based awards that have not vested (\$) (g) |
| John J. Komarnicki Chairman and Chief Executive Officer | 625,000 | 1.05 | January 24, 2016 | n/a | n/a | n/a |
| | 800,000 | 0.53 | September 17, 2015 | n/a | n/a | n/a |
| | 550,000 | 0.22 | September 1, 2014 | n/a | n/a | n/a |
| Donald D. McKechnie Vice President, Finance and Chief Financial Officer | 350,000 | 1.05 | January 24, 2016 | n/a | n/a | n/a |
| | 550,000 | 0.22 | September 1, 2014 | n/a | n/a | n/a |
| Ihor P. Wasylkiw Vice President and Chief Information Officer | 275,000 | 1.05 | January 24, 2016 | n/a | n/a | n/a |
| | 550,000 | 0.22 | September 1, 2014 | n/a | n/a | n/a |
| Pavlo (Paul) Marchenko Vice President Business Development | 225,000 | 1.05 | January 24, 2016 | n/a | n/a | n/a |
| | 100,000 | 0.315 | November 16, 2014 | n/a | n/a | n/a |
| | 275,000 | 0.22 | September 1, 2014 | n/a | n/a | n/a |

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information in respect of the value vested or earned during the Corporation's financial year ended December 31, 2013 of option-based awards, share-based awards and non-equity incentive plan compensation for Named Executive Officers of the Corporation.

Incentive Plan Awards to Named Executive Officers – Value Vested or Earned During most the Recently Completed Financial Year

| Name | Option-based awards – value vested during the year (\$) | Share-based awards – value vested during the year (\$) | Non-equity incentive plan compensation – value earned during the year (\$) |
|--|--|---|---|
| John J. Komarnicki Chairman and Chief Executive Officer | n/a | n/a | n/a |
| Donald D. McKechnie Vice President, Finance and Chief Financial Officer | n/a | n/a | n/a |
| Ihor P. Wasylkiw Vice President and Chief Information Officer | n/a | n/a | n/a |
| Pavlo (Paul) Marchenko Vice President Business Development | n/a | n/a | n/a |

Outstanding Stock Options

The following table sets forth options granted to Executive Officers, directors, consultants and employees of the Corporation which are outstanding as at the date hereof.

| Optionee Category (Number of Optionees) | Number of Common Shares Reserved under Option | Date of Grant | Expiry Date | Common Share Market Price as at Date of Grant⁽¹⁾ | Exercise Price Per Common Share |
|---|--|----------------------|--------------------|--|--|
| Executive Officers (two) ⁽²⁾ | 975,000 | January 24, 2011 | January 24, 2016 | \$1.01 | \$1.05 |
| | 800,000 | September 17, 2010 | September 17, 2015 | \$0.53 | \$0.53 |
| Directors other than Executive Officers (four) ⁽²⁾ | 750,000 | January 24, 2011 | January 24, 2016 | \$1.01 | \$1.05 |
| | 125,000 | December 18, 2009 | December 18, 2014 | \$0.53 | \$0.53 |
| Consultants (five) ⁽²⁾ | 300,000 | October 17, 2012 | October 17, 2012 | \$0.34 | \$0.34 |
| | 700,000 | January 24, 2011 | January 24, 2016 | \$1.01 | \$1.05 |
| | 75,000 | December 18, 2009 | December 18, 2014 | \$0.53 | \$0.53 |
| Employees (one) | 250,000 | January 24, 2011 | January 14, 2016 | \$1.01 | \$1.05 |
| Total | 3,975,000 | | | | |

Note:

- (1) Based on the closing trading price of the Common Shares underlying the stock option as traded on the TSX Venture Exchange Inc. on the date the option was granted.
- (2) Of the five consultants, two are former executive officers and one is a former director that had resigned their positions prior to the date hereof however their options had not yet expired.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth the Corporation's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans |
|--|---|---|--|
| The Plan | 7,443,500 | \$0.58 | 2,969,706 |
| Equity compensation plans not approved by security holders | nil | n/a | nil |
| Total | 7,443,500 | \$0.58 | 2,969,706 |

PENSION PLAN BENEFITS

Defined Benefit Plans and Retirement Plans

The Corporation does not have any pension or retirement plan which is applicable to Named Executive Officers. The Corporation has not provided compensation, monetary or otherwise, during the preceding financial year, to any person who now acts or has previously acted as a Named Executive Officer of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of a change of control of the Corporation. The Corporation is not currently party to any compensation plan or arrangement with a Named Executive Officer resulting from the resignation, retirement or the termination of employment of such person, except as otherwise set forth herein.

Deferred Compensation Plans

The Corporation does not have a deferred compensation plan.

TERMINATION AND CHANGE OF CONTROL BENEFIT AND MANAGEMENT CONTRACTS

Employment Contracts

The Corporation does not have in place any formal written employment agreements between the Corporation or any subsidiary or affiliate thereof and any Named Executive Officer or executive officer except as hereinafter set forth.

Pursuant to an employment agreement between the Corporation and John J. Komarnicki, Chairman and Chief Executive Officer, the Corporation agreed to employ Mr. Komarnicki upon the following terms and conditions:

- A. Mr. Komarnicki was appointed as the Chairman and Chief Executive Officer;
- B. the annual compensation of Mr. Komarnicki will be determined by the Board of Directors;
- C. the Corporation shall have the right to terminate the engagement at any time, without just cause, by providing written notice to that effect, and to pay Mr. Komarnicki within one (1) month following the termination a settlement payment equal to three (3) years compensation plus 15% of the total severance paid (undiscounted) to cover benefits, as well as an immediate acceleration of all vesting dates pursuant to any stock option agreement between the Corporation and Mr. Komarnicki so as to allow him to exercise such stock options for a period of ninety (90) days following the termination date;

- D. for any shares exercised under clause C above, the Corporation will provide a two year, interest free loan in the amount necessary for Mr. Komarnicki to exercise such options, which such shares pledged as security for the loan; and,
- E. in the event of a “change of control”, Mr. Komarnicki is entitled to receive a similar amount as identified in paragraph (C) above, as well as an immediate acceleration of all vesting dates pursuant to any stock option agreements between the Corporation and Mr. Komarnicki so as to allow him to exercise such options for a period of ninety (90) days following the termination date.

Pursuant to an employment agreement between the Corporation and Donald D. McKechnie, Vice President, Finance and Chief Financial Officer, the Corporation agreed to employ Mr. McKechnie upon the following terms and conditions:

- A. Mr. McKechnie was appointed as the Vice President, Finance and Chief Financial Officer;
- B. the annual compensation of Mr. McKechnie will be determined by the Chief Executive Officer;
- C. the Corporation shall have the right to terminate the engagement at any time, without just cause, by providing written notice to that effect, and to pay Mr. McKechnie within one (1) month following the termination a settlement payment equal to twenty four (24) months compensation plus an additional month of compensation for each year of service under the employment agreement plus 15% of the total severance paid (undiscounted) to cover benefits, as well as an immediate acceleration of all vesting dates pursuant to any stock option agreement between the Corporation and Mr. McKechnie so as to allow him to exercise such stock options for a period of ninety (90) days following the termination date; and
- D. in the event of a “change of control”, Mr. McKechnie is entitled to receive a similar amount as identified in paragraph (C) above, as well as an immediate acceleration of all vesting dates pursuant to any stock option agreements between the Corporation and Mr. McKechnie so as to allow him to exercise such options for a period of ninety (90) days following the termination date.

Termination and Change of Control Benefits

The Corporation does not have in place any contracts, agreements, plans or arrangements that provide for payments to the Named Executive Officers 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 Named Executive Officers’ responsibilities except as described above.

Other Compensation

Other than as herein set forth, the Corporation did not pay any additional compensation to the Executive Officers or directors (including personal benefits and securities or properties paid or distributed for which compensation was not offered on the same terms to all full time employees) during the year ended December 31, 2013.

MANAGEMENT CONTRACTS

On August 29, 2007 the Corporation and DOT Resources Ltd. (“DOT”) entered into an Administrative and Corporate Services Contract (the “Contract”) whereby DOT agrees to engage the Corporation to provide management, administration and corporate services to DOT. The Contract provides for a monthly remuneration of \$20,000 plus all reasonable out of pocket expenses and is for an indefinite term but may be terminated by either party upon providing thirty (30) days prior written notice. Effective January 1, 2011, the Corporation suspended invoicing DOT the monthly remuneration under the Contract. During the year ended December 31, 2013 the Corporation paid expenses on behalf of DOT totaling \$29,793 which brought the amount owing under the Contract as of December 31, 2013 to \$400,735. During 2013, the Corporation advanced DOT \$Nil to assist DOT with its outstanding obligations while DOT is contemplating various options regarding the financing of its exploration plans

and working capital requirements which brought the total advances made to December 31, 2013 to \$406,200. The advances are non-interest bearing. The Corporation is related to DOT by way of common directors and management and owns approximately 27% of the outstanding common shares of DOT.

Except as otherwise set forth above, during the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or Executive Officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as herein set forth, no director, Executive Officer or any of their respective associates or affiliates or any proposed nominee director is or has been at any time since the beginning of the last completed fiscal year, indebted to the Corporation or any of its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation or any of its subsidiaries.

INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth herein, the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director, executive officer, proposed nominee for election as a director or any associate or affiliate of any of the foregoing in any matter, other than as set forth in the Notice of Meeting.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Corporation is not aware of any material interest, direct or indirect, of any "informed person" of the Corporation, any proposed director of the Corporation or any associate or affiliate of any of the foregoing in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

For the purposes of the above, "informed person" means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

GOVERNANCE

General

The Board of the Corporation views effective corporate governance as an essential element for the effective and efficient operation of the Corporation and is in the best interest of its shareholders. The Corporation strives to ensure that its corporate governance policies and practices provide for effective stewardship of the Corporation. The Corporation's principle objective in directing and managing its business and affairs is to enhance shareholder value. The Corporation believes that effective corporate governance improves corporate performance and benefits all of its shareholders.

On June 30, 2005, the Canadian Securities Administrators ("CSA") adopted rules regarding corporate governance best practices and amendments to the rules relating to audit committees, through the implementation of National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101"), National Policy 58-201 - *Corporate Governance Guidelines* ("NP 58-201") and amendments to Multilateral Instrument 52-101 - *Audit Committees* ("MI 52-101").

This statement of corporate governance practices sets out the Board's review of the Corporation's governance practices relative to NI 58-101 and NP 58-201.

Board of Directors

The Board, which is responsible for supervising the management of the business and affairs of the Corporation, is currently comprised of five (5) directors, of which four (4) are independent directors. An "independent director" generally is one who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship, which would, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. The definition of the independence in NI 58-101 is the same as the definition set forth in MI 52-110. The independent directors include James S. Bunyan, Richard K. Gorton, Graham A. Karklin and, Gordon L. Levang. The Chairman and Chief Executive Officer of the Corporation, John J. Komarnicki, is not independent by virtue of being a member of the Corporation's management.

The terms of reference for the Board provide that the Board's primary responsibility is to foster the long-term success of the Corporation consistent with the Board's responsibility to the shareholders to maximize shareholder value.

The Board has plenary power to manage and supervise the management of the business and affairs of the Corporation and to act in the best interest of the Corporation. The Board is responsible for the overall stewardship of the Corporation and, in discharging this responsibility, reviews, approves and provides guidelines in respect of the strategic planning of the Corporation and reviews the progress of strategic planning as it occurs. The Board approves all significant decisions that affect the Corporation and its subsidiaries before they are implemented. The Board also considers their implementation and reviews the results.

The Board operates by delegating certain of its authorities including spending authorizations, to management and by reserving certain powers to itself. Subject to statutory legal obligations and to the articles and bylaws of the Corporation, the Board retains the responsibility for managing its own affairs, including planning its composition in size, nominating candidates for election to the Board, appointing committees, determining director compensation and assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

The Board has the responsibility to participate with management in the development of and ultimately approve the Corporation's strategic plan, to approve an annual business plan, to approve an annual capital and operating budget, to approve the entering into, or withholding from, lines of businesses that are, or are likely to be, material to the Corporation, approve material divestitures and acquisitions, and monitor the Corporation's progress toward its goals, and to advise and alter its directions for management in light of changing circumstances. The Board is actively involved in the Corporation's strategic planning process. In addition to discussing and reviewing materials related to strategic planning, the Board has implemented a formal process for the adoption of an annual capital and operating budget. At least one board meeting each year is devoted to discussion and considering the strategic plan, which takes into account principal risks and opportunities of the business. Management must seek the Board's prior approval for any material transaction that would have a significant deviation from the strategic plan.

Director Compensation

This Director Compensation section reflects compensation of independent directors only, and does not reflect the compensation of Mr. John J. Komarnicki, whose compensation is shown in the Executive Compensation section above.

The following table sets forth all amounts of compensation provided to the directors during the Corporation's most recently completed financial year.

Director Compensation Table

| Name | Fees earned (\$) | Share-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|----------------------|-------------------------|--------------------------------|---------------------------------|--|---------------------------|------------------------------------|-------------------|
| James S. Bunyan | nil | nil | nil | nil | nil | nil | nil |
| Richard K. Gorton | nil | nil | nil | nil | nil | nil | nil |
| R. Patrick Highsmith | nil | nil | nil | nil | nil | nil | nil |
| John I. Huhs | nil | nil | nil | nil | nil | nil | nil |
| Graham A. Karklin | nil | nil | nil | nil | nil | nil | nil |
| Gordon L. Levang | nil | nil | nil | nil | nil | nil | nil |
| Robin M. Merrifield | nil | nil | nil | nil | nil | nil | nil |

The following table sets forth information in respect of all share-based awards or option based awards outstanding at the end of the most recently completed financial year.

**Outstanding Share-Based Awards and Option-Based Awards to Directors
At the End of Most Recently Completed Financial Year**

| 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 (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| James S. Bunyan | 125,000 | 1.05 | January 24, 2016 | n/a | n/a | n/a |
| | 48,500 | 0.22 | September 1, 2014 | n/a | n/a | n/a |
| Richard K. Gorton | 225,000 | 1.05 | January 24, 2016 | n/a | n/a | n/a |
| | 125,000 | 0.22 | September 1, 2014 | n/a | n/a | n/a |
| | 125,000 | 0.53 | December 18, 2014 | n/a | n/a | n/a |
| R. Patrick Highsmith | 300,000 | 0.34 | October 17, 2017 | n/a | n/a | n/a |
| John I. Huhs | 300,000 | 0.22 | August 27, 2017 | n/a | n/a | n/a |
| Graham A. Karklin | 225,000 | 1.05 | January 24, 2016 | n/a | n/a | n/a |
| | 125,000 | 0.22 | September 1, 2014 | n/a | n/a | n/a |
| | 125,000 | 0.315 | November 16, 2014 | n/a | n/a | n/a |
| Gordon L. Levang | 175,000 | 1.05 | January 24, 2016 | n/a | n/a | n/a |
| | 125,000 | 0.22 | September 1, 2014 | n/a | n/a | n/a |
| Robin M. Merrifield | 300,000 | 0.22 | September 4, 2017 | n/a | n/a | n/a |

The following table sets forth information in respect of the value vested or earned during the Compensations most recently completed financial year of option-based awards, share based awards and non-equity incentive plan compensation for directors of the Corporation.

Incentive Plan Awards to Directors – Value Vested or Earned During the Year

| Name | Option-based awards – value vested during the year (\$) | Share-based awards – value vested during the year (\$) | Non-equity incentive plan compensation – value earned during the year (\$) |
|----------------------|--|---|---|
| James S. Bunyan | nil | n/a | n/a |
| Richard K. Gorton | nil | n/a | n/a |
| R. Patrick Highsmith | nil | n/a | n/a |
| John I. Huhs | nil | n/a | n/a |
| Graham A. Karklin | nil | n/a | n/a |
| Gordon L. Levang | nil | n/a | n/a |
| Robin M. Merrifield | nil | n/a | n/a |

Other Board Positions

Certain of the Corporation’s directors are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows.

| Name | Reporting issuers (or equivalent in a foreign jurisdiction) |
|--------------------|--|
| James S. Bunyan | Alexander Mining Plc. DOT Resources Ltd |
| Richard K. Gorton | n/a |
| Graham A. Karklin | DOT Resources Ltd. |
| John J. Komarnicki | DOT Resources Ltd. |
| Gordon L. Levang | DOT Resources Ltd. |

Chairman of the Board

The Chairman of the Board (the “Chairman”), John J. Komarnicki, is not an independent director by virtue of being the Chief Executive Officer of the Corporation. The role of the Chairman is to provide leadership to the Board, manage the affairs of the Board and ensure that the Board is organized properly, functions effectively and meets its obligations and responsibilities. The Chairman presides at each meeting of the Board and is responsible for coordinating with the management and the Corporate Secretary to insure that documents are delivered to directors in sufficient time in advance of Board meetings for a thorough review, that matters are properly presented for the Board’s consideration at meetings, and that the Board has an appropriate opportunity to discuss issues at each meeting. The Chairman is responsible for communicating with each Board member, ensuring that each director has the opportunity to be heard, that each director is accountable to the Board, and that the Board and each committee is discharging its duties.

Orientation and Continuing Education

Given the current size of the Corporation and the Board, the Corporation provides a limited orientation and education program for new directors. This process includes discussions with the Chairman and Chief Executive Officer and senior management with respect to the business and operation of the Corporation. In addition, each member of the Board and any new member of the Board are provided with the constating documents of the Corporation, as well as the terms of reference or mandates for the Board, and for each committee of the Board and formal policies related to public disclosure and communication and insider trading and reporting. Each new Board member is also entitled to review all previous minutes of the Board and the shareholders.

The Corporation arranges for presentations to be made to the Board and each committee of the Board to inform directors regarding corporate developments and changes in legal, regulatory and industry requirements affecting the Corporation. As well, directors are encouraged to visit the Corporation’s operating sites and facilities, to interact with management and employees and to stay abreast of industry developments and the evolving business of the Corporation.

Directors or a group of directors may also engage outside advisors, at the Corporation's expense, to provide advice with respect to a decision or action of the Corporation upon providing notice thereof to the Corporation.

Ethical Business Conduct

In order to encourage and promote a culture of ethical business conduct, the Board has adopted specific terms of reference relating to matters concerning duties and responsibilities of members of the Board and general legal obligations. In addition thereto, the Board has established specific terms of reference for the conduct of each individual director which provides that each director must fulfill the legal requirements and obligations of a director, which includes and understanding of the statutory and fiduciary roles of a director, as well as always insuring that the best overall interest of the Corporation is paramount. These specific terms of reference address matters related to board activities, preparation and attendance for meetings, effective communication, participation on committees, industry and corporate knowledge, as well as the adoption of board operating guidelines related to board independence, corporate strategy, business risk, succession planning, board communication polices and other matters related to the operation of the Board in general.

In addition thereto, the Corporation has adopted (i) a Disclosure Policy designed to ensure that communications to the investing public about the Corporation are timely, factual and accurate and broadly disseminated in accordance with applicable legal and regulatory requirements; (ii) an Insider Trading and Reporting Policy in order to summarize the insider trader restrictions to which directors, officers, consultants and employees of the Corporation are subject under applicable securities legislation, and to provide a policy governing investments in the Corporation's shares and the reporting thereof which is consistent with applicable legislation and goals of the Corporation and (iii) a Whistleblower Policy designed to ensure the integrity of the financial reporting of the Corporation.

Nomination of Directors

Nominees for directors are initially considered and recommended by the Corporate Governance Committee with input from the Chairman and then approved by the entire Board and elected annually by the shareholders of the Corporation. A majority of the directors comprising the Board must qualify as independent directors (i.e. a director who is independent of management are free of any interest in any business or other relationship that could interfere materially with that person's ability to act in the best interest of the Corporation). Certain of the responsibilities of the Board may be delegated to committees of the Board. The responsibilities of these committees are set forth in specific terms of reference, as amended from time to time.

Five (5) members are to be nominated for election to the Board. The Board must have a sufficient number of directors to carry out its duties efficiently, presenting a diversity of views and experience. The Board reviews the contributions of the directors and considers whether the current size of the Board promotes effectiveness and efficiency, and currently believes that the appropriate size of the Board is five (5) members.

Compensation

The general function of the Compensation Committee (the "CC") of the Corporation is to review the compensation policies of the Corporation. Duties and responsibilities of the CC include the following:

1. annually review and approve corporate goals, objectives and performance criteria applicable to the Board, each director, the Chairman, the Chair of each Committee and the Chief Executive Officer;
2. annually arrange for an evaluation of the performance, contribution and effectiveness of the Board and Committees, individual directors, each Chair and the Chief Executive Officer in the context of the terms of reference, position descriptions, competencies and skills that each director is expected to bring to the Board;

3. prepare and distribute a report to the Board regarding annual evaluations to initiate discussion regarding how to improve the performance, contribution and effectiveness of the Board, each Committee, each director and the Chief Executive Officer;
4. make recommendations to the independent members of the Board regarding the amount and form of compensation to award to the Chief Executive Officer, subject to terms of any existing contractual arrangements;
5. make recommendations to the Board regarding the amount and form of compensation to award to directors and to the Chairman;
6. make recommendations to the Board regarding:
 - (a) the general compensation structure and policies and programs for the Corporation; and
 - (b) the amount and form of compensation for the executive officers and management;
7. to review and make recommendations to the Board regarding all incentive and equity-based compensation plans and all proposed grants of securities under such plans;
8. to review and make recommendations to the Board on issues that arise in relation to any employment contracts in force from time to time;
9. to review annually and make recommendations to the Board regarding all employee benefit programs and retirement plans;
10. to review and approve severance arrangements for senior officers and management;
11. to review executive compensation disclosure before public disclosure;
12. to develop and review annually a succession plan for the Chief Executive Officer and for other key executive officers and employees of the Corporation; and
13. to review and approve any material changes in human resources policy, procedure, remuneration and benefits.

The CC administers the Corporation's executive compensation program. As part of its mandate, the CC approves the appointment and remuneration of the Corporation's Executive Officers, including the Chief Executive Officer. The CC is also responsible for reviewing the Corporation's compensation policies and guidelines generally. It is the objective of the CC to endeavour to ensure that the compensation of executive officer is sufficiently competitive to attract and retain highly qualified executives and to link incentive compensation to performance and shareholders value. Executive compensation is comprised of the major components: base salaries and incentive stock option plan.

The CC gives consideration to the Corporation's long-term interests and financial objectives, as well to the qualitative aspects for the individual's performance and achievements.

Salaries for Executive Officers are reviewed annually based on corporation and personal performance and on individual levels of responsibility. The CC submits its recommendation to the full Board as to the salary of the Chief Executive Officer and the Chief Financial Officer. The CC considers, and, if thought appropriate approves salaries recommended by the Chairman and Chief Executive Officer for the other Executive Officers of the Corporation.

The CC also administers the Plan. The CC determines the number of options to be granted to each employee based on the level of responsibility and experience required for the position. The CC regularly reviews and where

appropriate adjusts the number of options granted to individual employees. The CC sets the number of options as appropriate designed to attract and retain qualified and talented employees.

Director Assessment

The Corporate Governance Committee with input from the Chairman is responsible for proposing new nominees to the Board and for assessing the performance of directors on an ongoing basis. The Board has not appointed a nominating committee to assess the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors.

Board Committees

The Board has established the following Board committees comprised of the members and chaired by the individuals described below.

| Committee | Members | Independent |
|--------------------------------|---|-------------------|
| Audit Committee | James S. Bunyan (Chairman) Graham A. Karklin Gordon L. Levang | Yes Yes Yes |
| Compensation Committee | Gordon L. Levang (Chairman) Richard K. Gorton Graham A. Karklin | Yes Yes Yes |
| Corporate Governance Committee | James S. Bunyan (Chairman) Richard K. Gorton Gordon L. Levang | Yes Yes Yes |
| Technical Committee | Graham A. Karklin (Chairman) Richard K. Gorton John J. Komarnicki | Yes Yes No |

Audit Committee

The general function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information that will be provide to the shareholders and others, assist with internal control that management and the Board have established and all audit process. See “Audit Committee”.

Compensation Committee

The general function of the Compensation Committee of the Corporation is to review the overall compensation policies of the Corporation. See “Governance - Compensation”.

Corporate Governance Committee

The general function of the Corporate Governance Committee is to review securities laws governing corporate disclosure and corporate governance guidelines established by the stock exchange or stock exchanges upon which the common shares are listed or the securities commission in the jurisdiction in which the Corporation is an issuer (the “Guidelines”), to determine and establish policies and programs for the Corporation in order to ensure compliance with the Guidelines and the terms of reference of the Corporate Governance Committee, and to monitor compliance and consider additions to or amendments to the Corporation’s corporate governance policies.

Disclosure Policy Committee

The Corporation has adopted a Disclosure Policy the objective of which is to ensure that communication to the investing public about the Corporation is timely, factual and accurate and broadly disseminated in accordance with all applicable legal and regulatory requirements. In conjunction with the adoption of the Disclosure Policy, the Board established a Disclosure Policy Committee responsible for overseeing the Corporation’s disclosure practices. Under the terms of the Disclosure Policy, the Disclosure Policy Committee consists of the Chief Executive Officer, the Chief Financial Officer, the Chief Information Officer, the Chairman of the Board (if applicable), and the

Corporate Secretary. At the present time the Corporation does not have a Corporate Secretary. Other senior executives are also consulted as required. The Disclosure Policy Committee sets benchmarks for preliminary assessment of materiality and determines when developments justify public disclosure. The Disclosure Policy Committee meets as conditions dictate. The Disclosure Policy Committee also reviews and updates, if necessary, disclosure policy on an annual basis or as needed to ensure compliance with changing regulatory requirements and is required to report to the Board as requested.

AUDIT COMMITTEE

Audit Committee's Charter

The Terms of Reference of the Audit Committee are set forth in Exhibit "A" attached hereto.

Composition of the Audit Committee

The members of the Audit Committee are set forth below and all three (3) members are independent and all of the members are financially literate, as such terms are defined in MI 52-110.

Relevant Education and Experience

James S. Bunyan (Chairman) is an independent businessman and has served as a director of a number of public companies. Mr. Bunyan has been a director of Alexander Mining Plc. since 2005 and was director of Tiberon Minerals from 1998 to 2003 and Madison Energy Corp. from 2000 to 2008. Mr. Bunyan has a Bachelor of Science degree from Heriot-Watt University in Edinburgh, Scotland and a Masters in Business Administration from the Warwick University Business School in Warwick, England.

Graham A. Karklin is an independent consulting metallurgist and has had extensive mining industry experience with some of the world's leading mining companies including Newmont Mining Corporation from 1996 to 2008 and Echo Bay Mines from 1988 to 1996. Mr. Karklin graduated from the Haileybury School of Mines as a mining technologist, is a member of a number of mining professional associations, and is a Qualified Person in Metallurgy of the Mining Metallurgical Society of America.

Gordon L. Levang is the Chief Executive Officer of Polartek 2000 Ltd., a private corporation manufacturing electrical equipment for the oil and natural gas industry. During his career, Mr. Levang owned and operated several businesses in the oil and natural gas service industry. Mr. Levang served on the board of directors of Tartan Energy Inc. for several years serving as a member of the Audit Committee and the Corporate Governance Committee.

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 MI 52-110 (De Minimis Non-audit Services), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of MI 52-110.

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 "External Audit".

External Auditor Service Fees (By Category)

The approximate aggregate fees paid by the Corporation to the external auditors of the Corporation in each of the last two financial years in service fees are described below.

| Financial Year Ending | Audit Fees | Audit Related Fees | Tax Fees | All Other Fees |
|------------------------------|-------------------|---------------------------|-----------------|-----------------------|
| 2013 | \$128,470 | \$nil | \$nil | \$nil |
| 2012 | \$170,326 | \$nil | \$3,520 | \$nil |

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

1. Presentation of Financial Statements

The Board of the Corporation has approved all of the information in the report to shareholders that accompanies this Circular, including the audited and unaudited financial statements delivered therewith.

2. Fixing Number of Directors

The Articles of the Corporation provide that the Board shall consist of a minimum of three (3) and a maximum of fifteen (15) directors. The board of directors currently consists of five (5) members. For this forthcoming year, it is proposed that the board of directors shall consist of five (5) members. Management therefore intends to place before the Meeting, for approval, with or without modification, a resolution fixing the Board at five (5) members for the next ensuing year.

3. Election of Directors

It is the intention of the Management Designees, if named as proxy, to vote for the election of the following persons to the board of directors. **Unless specifically instructed in the instrument of proxy to withhold such vote, the person(s) designated as proxyholder(s) in the accompanying instrument of proxy intend(s) to vote for the election of the nominees whose names are set forth below. If any nominee is for any reason unavailable to serve, the person(s) named in the accompanying form of proxy reserve(s) the right to vote for another nominee at their discretion.** All the directors are to be elected annually and each shall hold office until the close of the next annual meeting of the shareholders, or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table sets out the names of the proposed nominees for election as directors, their municipality of residence, their principal occupation during the five preceding years and the number of voting shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them, as at the date hereof.

Unless otherwise directed, it is the intention of the Management Designees to vote proxies in the accompanying form in favour of the ordinary resolution fixing the number of directors at five (5) members and the election of nominees hereinafter set forth, as a group, as directors for the ensuing year.

| Name and Municipality of Residence | Office Held | Commencement of Service as a Director | Principal Occupation and Positions Held During Last Five Years | Voting Securities of the Corporation Held or Controlled as of the Date Hereof | % of Common Shares Owned |
|---|--------------------|--|---|--|---------------------------------|
|---|--------------------|--|---|--|---------------------------------|

| Name and Municipality of Residence | Office Held | Commencement of Service as a Director | Principal Occupation and Positions Held During Last Five Years | Voting Securities of the Corporation Held or Controlled as of the Date Hereof | % of Common Shares Owned |
|---|--|--|---|--|---------------------------------|
| John J. Komarnicki Calgary, Alberta, Canada | Chairman of the Board, Director, President and Chief Executive Officer | July, 2001 | Chairman of the Board and Chief Executive Officer of DOT Resources Ltd. since May 17, 2007. President of Komlin Investments Inc. since October 1998. | 10,035,325 | 9.63 |
| James S. Bunyan Hertfordshire, UK | Director | June, 2003 | Independent Businessman. | 200,000 | 0.19 |
| Richard K. Gorton Tathra, Australia | Director | February, 2008 | Retired. Provides consulting services to various groups in the global mining industry. Director of Exploration and Business Development for Newmont Mining Corporation from 1994 to 2005. | nil | nil |
| Graham A. Karklin Halfmoon Bay, British Columbia, Canada | Director | May, 2008 | Retired. Provides consulting services to a number of entities in the mining industry. Director of Metallurgical Services for Newmont Mining Corporation from 1996 to 2008. | 120,000 | 0.12 |
| Gordon L. Levang Calgary, Alberta, Canada | Director | July, 2001 | President, Kranor Sales Ltd. since August 1998; Chief Executive Officer of Polartek 2000 Ltd. (manufacturer of electrical equipment for the oil and gas industry). | 1,112,911 | 1.07 |

The aggregate remuneration paid to the five highest paid officers and employees of the Corporation, other than in their capacity as directors, for the financial year ended was \$135,413.

The number of Common Shares of the Corporation beneficially owned, directly or indirectly by all directors, executive officers and principal shareholders of the Corporation as a group as at the date hereof is set forth below.

| Designation of Class | Number of Shares | Percentage of Class |
|-----------------------------|-------------------------|----------------------------|
| Common Shares | 23,002,073 | 22.09% |

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as hereafter disclosed, none of those persons, who are proposed directors of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, or after such persons ceased to be a director, chief executive officer or chief financial officer of the company, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, which resulted from an event that occurred while acting in such capacity.

On May 1, 2014 a temporary Management Cease Trade Order (“MCTO”) was issued by the Alberta Securities Commission (“ASC”) against the Corporation’s Chief Executive Officer, John J. Komarnicki, and Chief Financial Officer, Donald D. McKechnie, due to the delay in filing by the Corporation of its annual audited financial

statements for the financial year ended December 31, 2013, the corresponding management's discussion and analysis and applicable CEO and CFO certificates (collectively, the "2013 Annual Audited Financial Statements"). This MCTO prohibited trading in securities of the Corporation, whether directly or indirectly, by these individuals. Subsequently, the Corporation completed the 2013 Annual Audited Financial Statements and filed them on SEDAR on July 2, 2014. The temporary MCTO expired as of the close of business on July 7, 2014.

James S. Bunyan, Graham A. Karklin, John J. Komarnicki and Gordon L. Levang are directors of DOT, which determined that it was unable to file its 2013 Annual Audited Financial Statement by the prescribed filing deadline. As a result, on May 1, 2014 a temporary MCTO was issued by the ASC against DOT's Chief Executive Officer, John J. Komarnicki, and Chief Financial Officer, Donald D. McKechnie. Subsequently, DOT's annual audited financial statements for the financial year ended December 31, 2013 were completed and filed on SEDAR on June 30, 2014. The temporary MCTO expired as of the close of business on July 3, 2013.

On May 1, 2013 a temporary MCTO was issued by the ASC against the Corporation's Chief Executive Officer, John J. Komarnicki, and Chief Financial Officer, Donald D. McKechnie, due to the delay in filing by the Corporation of its annual audited financial statements for the financial year ended December 31, 2012, the corresponding management's discussion and analysis and applicable CEO and CFO certificates (collectively, the "2012 Annual Audited Financial Statements"). This MCTO prohibited trading in securities of the Corporation, whether directly or indirectly, by these individuals. Subsequently, the Corporation completed the 2012 Annual Audited Financial Statements and filed them on SEDAR on July 2, 2013. The temporary MCTO expired as of the close of business on July 5, 2013.

On May 1, 2009 a temporary MCTO was issued by the ASC against the Corporation's Chief Executive Officer, John J. Komarnicki, and Chief Financial Officer, Donald D. McKechnie, due to the delay in filing by the Corporation of its annual audited financial statements for the financial year ended December 31, 2008, the corresponding management's discussion and analysis and applicable CEO and CFO certificates (collectively, the "2008 Annual Audited Financial Statements"). This MCTO prohibited trading in securities of the Corporation, whether directly or indirectly, by these individuals. Subsequently, the Corporation completed the 2008 Annual Audited Financial Statements and filed them on SEDAR on June 29, 2009. The temporary MCTO expired as of close of business on July 2, 2009.

In addition, none of those persons who are proposed directors of the Corporation is, or has been within the past ten years, a director or executive officer of any company, including the Corporation, that, while such 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.

None of the persons who are proposed directors of the Corporation have, within the past ten years 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 his assets.

None of those persons who are proposed directors of the Corporation have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

4. Appointment of Auditor

Unless directed otherwise by a proxy holder, or such authority is withheld, the management designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favour of a resolution appointing KPMG LLP, Chartered Accountants, Calgary, Alberta, as auditors of the Corporation for the next ensuing year, to hold office until the close of the next annual meeting of shareholders or until the firm of KPMG LLP, is removed from office or resigns as provided by the by-laws of the Corporation, and the management designees intend to vote the

Common Shares represented by any such proxy in favour of a resolution authorizing the Board to fix the compensation of the auditor. KPMG LLP has been the auditor of the Corporation since May 17, 2007

5. Approval of Stock Option Plan

A rolling incentive share option plan for directors, officers, key employees and consultants of the Corporation was approved by the shareholders of the Corporation by ordinary resolution dated September 26, 2013 ("Plan"). The Plan provides that options will be issued pursuant to option agreements ("Option Agreements") which shall provide for the expiration of such options on a date not later than five (5) years after the issuance of such option. A maximum number of Common Shares equal to ten percent (10%) of the issued and outstanding Common Shares, from time to time, may be reserved for issuance under the Plan provided that options may not be granted in one twelve month period to an individual to purchase in excess of five percent (5%) of the then outstanding Common Shares unless disinterested shareholder approval is obtained. Options issued pursuant to the Plan shall have an exercise price determined by the directors of the Corporation, provided that the exercise price shall not be less than the price permitted by the TSX Venture Exchange Inc. ("Exchange").

Subject to the particular provisions of Option Agreements, options granted under the Plan are non transferable and expire not later than five (5) years from the date of grant or ninety (90) days from the date the optionee ceases to be an officer, director, employee or consultant of the Corporation, whichever comes first. In the event of death of an optionee, options held by the estate of such optionee shall expire not later than five (5) years from the date of grant or one (1) year from the date of ceasing to be an officer, director, employee or consultant of the Corporation due to death, whichever comes first.

In accordance with the policies of the Exchange, rolling stock option plans similar to the Corporation's Plan must be renewed and approved on an annual basis.

The board of directors resolved to renew and approve a new stock option Plan ("New Plan") by resolution dated effective November 20, 2014. The New Plan has substantially the same terms and conditions as the existing Plan. The shareholders of the Corporation will be asked to consider and if thought fit, approve an ordinary resolution authorizing the New Plan. **In the absence of contrary directions, the Management Designees intend to vote proxies in the accompanying form in favour of this ordinary resolution.**

All options previously granted will be subject to the New Plan. See "Stock Option Plans".

The complete text of the ordinary resolution which management intends to place before the Meeting for the renewal, approval, adoption and ratification of the New Plan is set forth below.

"Be it resolved as an ordinary resolution of the Corporation that:

1. the stock option plan of the Corporation be renewed substantially in the form attached as Exhibit "B" (the "New Plan") to the Circular of the Corporation prepared for the purpose of the Meeting and the New Plan be and is hereby approved and adopted as the stock option plan of the Corporation;
2. the form of the New Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;
3. all issued and outstanding stock options previously granted are continued under, and subject to, the New Plan and are hereby ratified, confirmed and approved;
4. the shareholders of the Corporation hereby expressly authorize the board of directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
5. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether

under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”

OTHER BUSINESS

Management is not aware of any other matters to come before the Meeting other than those set out in the Notice of Meeting. If other matters come before the Meeting, it is the intention of the individuals named in the form of proxy to vote the same in accordance with their best judgment in such matters.

GENERAL MATTERS

All matters to be brought before the Meeting except the special resolution require, for the passing of same, a simple majority of votes cast at the Meeting by holders of Common Shares, present in person or by proxy. If KPMG LLP, Chartered Accountants, is not re-appointed as the auditors of the Corporation, the board of directors will appoint another firm of chartered accountants based on the recommendation of the Audit Committee, which appointment for any period subsequent to the Meeting shall be subject to approval by the shareholders at a meeting.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is filed on SEDAR at www.sedar.com, as well as on the corporate website at www.ahambraresources.com. Shareholders may contact the Corporation at (403) 228-2855 to request copies of the Corporation’s financial statements and MD&A. Financial information is provided in the Corporation’s comparative financial statements and MD&A for the Corporation’s most recently completed financial year.

EXHIBIT "A"

ALHAMBRA RESOURCES LTD. (THE "CORPORATION")

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

I. PURPOSE

The primary function of the Audit Committee (the "Committee") is to assist the board of directors ("Board") in fulfilling its oversight responsibilities by reviewing:

- A. the financial information that will be provided to the shareholders and others;
- B. the systems of internal controls, management and the Board have established; and
- C. all external audit and review processes.

Primary responsibility for the financial reporting, information systems, risk management and internal controls of the Corporation is vested in management and is reviewed by the Board.

II. COMPOSITION AND OPERATIONS

- A. The Committee shall be composed of not fewer than three (3) directors all of whom must be independent and financially literate as those terms are defined in Multilateral Instrument 52-110, *Audit Committees* and possess:
 - 1. an understanding of the accounting principles used by the Corporation to prepare its financial statements;
 - 2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
 - 3. 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 Corporation's financial statements, or experience actively supervising one or more individuals engaged in such activities; and
 - 4. an understanding of internal controls and procedures for financial reporting.
- B. The Corporation's auditor shall be advised of the names of the Committee members and will receive notice of and be invited to attend meetings of the Committee, and to be heard at those meetings on matters relating to the auditor's duties.
- C. The Committee shall meet with the external auditors as it deems appropriate to consider any matter that the Committee or auditors determine should be brought to the attention of the Board or shareholders.
- D. The Committee shall meet at least once (by person or by teleconference) in each fiscal quarter to review and approve the Corporation's quarterly financial statements and managements' discussion and analysis ("MD&A") for the immediately preceding fiscal quarter and to review and recommend approval by the full Board of the annual financial statements and MD&A for the immediately preceding fiscal year and as often thereafter as required to discharge the duties of the Committee.

III. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties of the Board, the Committee will perform the following duties:

A. Financial Statements and Other Financial Information

The Committee will review and recommend for approval to the Board financial information that will be made publicly available. This includes:

1. review and recommend approval of the Corporation's annual financial statements and MD&A and report to the Board before the statements are approved by the Board;
2. review and approve for release the Corporation's quarterly financial statements, MD&A and press release; and
3. review the Annual Information Form, any Prospectus or private placement offering document and any other material financial information required by applicable regulatory authorities.

Review and discuss:

4. the appropriateness of accounting policies and financial reporting practices used by the Corporation;
5. any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Corporation; and
6. any new or pending developments in accounting and reporting standards that may affect the Corporation.

Be satisfied that:

7. adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure previously referred to and periodically assess the adequacy of those procedures.

B. Risk Management, Internal Control and Information Systems

The Committee will review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:

1. review the Corporation's risk management controls and policies;
2. consider whether the information systems appear to be reliable and the systems of internal controls are properly designed and effectively implemented through discussions with and reports from management and the external auditor; and
3. review management steps to implement and maintain appropriate internal control procedures including a review of policies.

C. External Audit and Review

The Committee will oversee the work of the external auditor and will review the planning and results of external audit activities. This includes:

1. review and recommend to the Board, for shareholder approval, engagement of the external auditor;
2. review and recommend to the Board the external auditor's compensation;
3. review the annual external audit plan, including but not limited to the following:
 - (a) engagement letter
 - (b) objectives and scope of the external audit work;
 - (c) procedures for quarterly review of financial statements;
 - (d) materiality limit;
 - (e) areas of audit risk;
 - (f) staffing;
 - (g) timetable; and
 - (h) proposed fees.
4. meet with the external auditor to discuss the Corporation's annual financial statements and MD&A (and the quarterly financial statements and MD&A if deemed necessary) and the auditor's report including the appropriateness of accounting policies and underlying estimates and resolve any disagreements between management and the external auditors regarding financial reporting;
5. implement procedures to meet with the external auditor on a regular basis in the absence of management if deemed necessary;
6. review and advise the Board with respect to the planning, conduct and reporting of the annual audit, including:
 - (a) any difficulties encountered, or restriction imposed by management, during the annual audit;
 - (b) any significant accounting or financial reporting issue;
 - (c) if completed, the auditor's evaluation of the Corporation's system of internal controls, procedures and documentation or parts thereof;
 - (d) the post audit or management letter containing any findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weaknesses;
 - (e) any other matters the external auditor brings to the Committee's attention; and

- (f) assess the qualifications, performance and independence of the external auditor and consider the annual appointment of external auditor for recommendation to the Board.
- 7. review the auditor's report, if any, on all material subsidiaries;
- 8. review and receive assurances on the independence of the external auditor;
- 9. review and pre-approve all non-audit services to be provided by the external auditor's firm or its affiliates (including estimated fees), and consider the effect on the independence of the external audit;
- 10. meet periodically, and at least annually, with the external auditor without management present; and
- 11. take reasonable steps to ensure that, prior to public disclosure of the Corporation's annual financial statements and MD&A, the external auditor is a participating audit firm and is in compliance with any restriction or sanction imposed by the Canadian Public Accountability Board under Multilateral Instrument 52-108, *Auditor Oversight*.

D. OTHER

The Committee will also:

- 1. review insurance coverage of significant business risks and uncertainties;
- 2. review policies and procedures for the review and approval of officers' expenses and perquisites;
- 3. periodically review the terms of reference for the Committee and make recommendations to the Board as required;
- 4. establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- 5. review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation; and
- 6. make enquires about potential claims, assessments and other contingent liabilities.

IV. ACCOUNTABILITY

- A. The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on financial matters relative to the Corporation.
- B. The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.

V. COMMITTEE TIMETABLE

A proposed timetable of the Committee meetings shall be prepared at the beginning of each fiscal year.

VI. RELIANCE ON EXPERTS

In contributing to the Committees' discharging of its duties under this mandate, each member shall be entitled to rely in good faith on:

- A. financial statements of the Corporation represented to the member by an officer of the Corporation, or in a written report of the external auditor, to present fairly the financial position of the Corporation and the results of its operations in accordance with generally accepted accounting principles; and
- B. any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

The Board is of the view that monitoring of the Corporation's financial reporting and disclosure policies and procedures cannot be reasonably met unless the following activities (the "Fundamental Activities") are, in all material respects, conducted effectively:

- A. the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions;
- B. the internal financial controls are regularly assessed for effectiveness and efficiency;
- C. the Corporation's quarterly and annual financial statements and MD&A are properly prepared by management in accordance with generally accepted accounting principles; and
- D. the annual financial statements are reported on by an external auditor appointed by the shareholders of the Corporation.

VII. LIMITATION OF COMMITTEE'S DUTIES

In contributing to the Committee's discharging of its duties under these terms of reference, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in these terms of reference is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to endeavour to gain reasonable assurance (but not to ensure) that the Fundamental Activities are being conducted effectively and that the objectives of the Corporation's financial reporting are being met and to enable the Committee to report thereon to Board.

Adopted and Approved by the Board: May 22, 2008

MULTILATERAL INSTRUMENT 52-110
AUDIT COMMITTEES - SECTION 1.4 AND 1.5

1.4 Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection 1, a “material relationship” means a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgment.
- (3) Despite subsection 2, the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three (3) years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three (3) years, an executive officer of the issuer;
 - (c) an individual who;
 - (i) is a partner of a firm that is the Corporation’s internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three (3) years a partner or employee of that firm and personally worked on the Corporation’s audit within that time.
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning practice), or
 - (iii) was within the last three (3) years a partner or employee of that firm and personally worked on the Corporation’s audit within that time.
 - (e) an individual who, or whose immediate family member, is or has been within the last three (3) years, an executive officer of an entity if any of the Corporation’s current executive officers serves or served at that same time on the entity’s compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Corporation received, more that \$75,000 in direct compensation from the Corporation during any twelve (12) month period within the last three (3) years.
- (4) Despite subsection 3, an individual will not be considered to have a material relationship with the Corporation solely because:
 - (a) he or she had a relationship identified in subsection 3 if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection 3 by virtue of subsection 8 if that relationship ended before June 30, 2005.
- (5) For the purposes of subsection 3(c) and 3(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of

compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.

- (6) For the purposes of subsection 3(c), compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection 3, an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member:
- (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of subsections 1 to 7, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

1.5 Additional Independence Requirements

- (1) Despite any determination made under section 1.4, an individual who
- (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the Corporation or any of its subsidiary entities,
- is considered to have a material relationship with the issuer.
- (2) For the purpose of subsection 1, the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by:
- (a) individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purpose of subsection 1, compensatory fees do not include the receipt of fixed amounts of compensation under a remuneration plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

EXHIBIT "B"

2012 STOCK OPTION PLAN

1. Purpose

The purpose of the stock option plan (the "Plan") of **ALHAMBRA RESOURCES LTD.**, a corporation incorporated under the *Business Corporations Act* (Alberta) (the "Corporation") is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation (the "Shares"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

2. Administration

The Plan shall be administered by the Board of Directors of the Corporation or by a special committee of the directors appointed from time to time by the Board of Directors of the Corporation pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the "Board"). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

3. Stock Exchange Rules

All options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the common shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the "Exchange").

4. Shares Subject to Plan

Subject to adjustment as provided in Section 16 hereof, the Shares to be offered under the Plan shall consist of common shares of the Corporation's authorized but unissued common shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding common shares of the Corporation from time to time. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

5. Maintenance of Sufficient Capital

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

6. Eligibility and Participation

Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of a person or company which provides management services to the Corporation or its subsidiaries (“Management Company Employees”) shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as “Participants”). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, and the number of Shares to be subject to each option. In the case of employees or consultants of the Corporation or Management Company Employees, the option agreements to which they are party must contain a representation of the Corporation that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

7. Exercise Price

- (a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.
- (b) Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of options held by insiders of the Corporation (as defined in the policies of the Exchange), the exercise price of an option may be reduced only if disinterested shareholder approval is obtained.

8. Number of Optioned Shares

- (a) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.
- (b) No single Participant may be granted options to purchase a number of Shares equalling more than 5% of the issued common shares of the Corporation in any twelve-month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.
- (c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve-month period to any one consultant of the Corporation (or any of its subsidiaries).
- (d) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve month period to persons employed to provide investor relation activities. Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than $\frac{1}{4}$ of the options vesting in any 3 month period.

9. Duration of Option

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement and shall be subject to earlier termination as provided in Sections 11 and 12, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, if the

Corporation is listed on the TSX Venture Exchange (“TSX V”), the maximum term may not exceed 10 years if the Corporation is classified as a “Tier 1” issuer by the TSX V, and the maximum term may not exceed 5 years if the Corporation is classified as a “Tier 2” issuer by the TSX V.

10. Option Period, Consideration and Payment

- (a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Corporation or its subsidiaries, or death of the Participant.
- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (d) Except as set forth in Sections 11 and 12, no option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Corporation or any of its subsidiaries, or a Management Company Employee of the Corporation or any of its subsidiaries.
- (e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Corporation unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

11. Ceasing To Be a Director, Officer, Consultant or Employee

- (a) Subject to subsection (b), if a Participant shall cease to be a director, officer, consultant, employee of the Corporation, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within ninety (90) days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within thirty (30) days after the cessation of the Participant’s services to the Corporation.
- (b) Nothing contained in the Plan, nor in any option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Corporation or of any of its subsidiaries or affiliates.

12. Death of Participant

Notwithstanding section 11, in the event of the death of a Participant, the option previously granted to him shall be exercisable on or before the earlier of the day immediately before the expiry date of the particular option or one (1) year after such death and then only:

- (a) by the person or persons to whom the Participant’s rights under the option shall pass by the Participant’s will or the laws of descent and distribution; and

(b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

13. Rights of Optionee

No person entitled to exercise any option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such option until certificates representing such Shares shall have been issued and delivered.

14. Proceeds from Sale of Shares

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

15. Cash Surrender Option

Where the Shares are listed and posted for trading on a recognized stock exchange, Participants may elect to surrender, unexercised, options to purchase Shares ("Options") granted pursuant to the Plan that are vested and exercisable, to the Corporation in consideration of the receipt by the Participant of an amount (the "Settlement Amount") equal to the excess, if any, of the aggregate fair market value of the Shares (based on the weighted average trading price of the Shares on such stock exchange during the five trading days preceding the date of surrender or the price pursuant to an offer made for all of the issued and outstanding Shares, whichever is greater) over the aggregate exercise price for the Shares pursuant to such Options on the date of surrender, over the aggregate exercise price for the Shares pursuant to such Options. In no circumstances will the Participant at any time be obligated to surrender Options as provided by this cash surrender option. The Corporation may, in its sole discretion, refuse to accept the surrender of unexercised Options and if any such surrender is not accepted by the Corporation or completed for any reason, the notice of surrender (as described below) shall be deemed to be withdrawn and the Options in respect of which such notice was provided shall again become subject to their original terms as if such notice of surrender had not been provided. Unexercised Options may be surrendered in whole or in part from time to time by delivery to the Corporation at its head office of a written notice of surrender specifying the number of Shares with respect to which the unexercised Options are being surrendered. Upon the surrender of unexercised Options as aforesaid, the Corporation shall use its reasonable efforts to forthwith deliver to the relevant Participant (or his personal representative, if applicable) or to the order thereof, payment of the Settlement Amount (net of any amounts required to be withheld under applicable withholding legislation) by way of cheque or otherwise in a manner acceptable to the Corporation.

16. Adjustments

If the outstanding common shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation or another corporation or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, any adjustments relating to the Shares optioned or issued on exercise of options and the exercise price per Share as set forth in the respective stock option agreements shall be made in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

17. Transferability

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

18. Amendment and Termination of Plan

Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Board may also at any time amend or revise the terms of the Plan; provided that no such amendment or revision shall result in a material adverse change to the terms of any options theretofore granted under the Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

19. Necessary Approvals

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

20. Effective Date of Plan

The Plan has been adopted by the Board of the Corporation subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

21. Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Alberta.

MADE by the Board of Directors of the Corporation as evidenced by the signature of the following director duly authorized in that behalf effective November 20, 2014, and approved by the shareholders of the Corporation on December 22, 2014.

ALHAMBRA RESOURCES LTD.

Per: “signed”
John J. Komarnicki
Chairman and Chief Executive Officer and Director

