



**NOTICE OF ANNUAL AND SPECIAL MEETING OF
SHAREHOLDERS
AND
MANAGEMENT PROXY CIRCULAR**

Meeting date: Thursday, June 19, 2014 at 10:30 a.m. (Halifax Time)

**Website: www.nsgoldcorp.com
Email: info@nsgoldcorp.com**

NSGOLD CORPORATION

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
June 19, 2014**

TAKE NOTICE that an Annual and Special Meeting of Shareholders (the “**Meeting**”) of NSGOLD CORPORATION (the “**Corporation**”) will be held at:

Place: Computershare Investor Services Inc.
Suite 2008
1969 Upper Water Street
Purdy’s Wharf II
Halifax, Nova Scotia

Date: Thursday, June 19, 2014

Time: 10:30 a.m. (Halifax time)

The purposes of the Meeting are to:

1. Receive and consider the financial statements of the Corporation for the fiscal year ended December 31, 2013 and the auditors’ report thereon;
2. Elect directors;
3. Appoint auditors and authorize the directors to fix their remuneration;
4. Consider, and if deemed advisable adopt, a special resolution in the form annexed as Schedule A to the Management Proxy Circular, authorizing an amendment to the Articles of the Corporation so as to, if deemed advisable by the Board of Directors of the Corporation, consolidate, no later than twelve months from the date of the Meeting, the issued and outstanding common shares of the Corporation on the basis of one common share for a maximum of every ten common shares issued and outstanding; and
5. Transact such other business as may properly be brought before the Meeting.

Only persons registered as shareholders on the records of the Corporation as of the close of business on May 15, 2014 are entitled to receive notice of, and to vote or act at, the Meeting. No person who becomes a shareholder after the Record Date will be entitled to vote or act at the Meeting or any adjournment thereof.

If you are unable to attend the Meeting in person, please complete and sign the enclosed form of proxy and deliver it to Computershare Investor Services Inc. by mail or hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1. A shareholder may also vote using the internet at www.investorvote.com or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 10:30 a.m. (AST) on June 17, 2014 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

DATED the 20th day of May, 2014

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Glenn A. Holmes
Chief Executive Officer

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

This Management Proxy Circular is furnished in connection with the solicitation by the management of NSGold Corporation (the “Corporation”) of proxies to be used at the Annual and Special Meeting of shareholders (the “Meeting”) of the Corporation to be held at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to certain beneficial owners of the shares. See “Appointment and Revocation of Proxies – Notice to Beneficial Holders of Shares” below.

INTERNET AVAILABILITY OF PROXY MATERIALS

Rules recently adopted by the Canadian securities administrators, known as the “notice and access” distribution option, allow companies to send to shareholders a notice to the effect that proxy materials are available via the Internet, rather than mailing full sets of proxy materials to them. This year, the Corporation chose to mail full sets of proxy materials to shareholders. In the future, the Corporation may take advantage of the “notice and access” distribution option. If in the future the Corporation chooses to send such notices to shareholders, the notices will contain instructions on how shareholders can gain access to the Corporation’s notice of meeting and management proxy circular via the Internet. The notices will also contain instructions on how shareholders can ask that proxy materials be delivered to them electronically or in printed form on a one-time or ongoing basis.

APPOINTMENT AND REVOCATION OF PROXIES

Appointment of Proxy

A shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Investor Services Inc. by mail or hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1. A shareholder may also vote using the internet at www.investorvote.com or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 10:30 a.m. (AST) on June 17, 2014 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

The document appointing a proxy must be in writing and executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

A shareholder submitting a form of proxy has the right to appoint a person (who need not be a shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the Corporation. To exercise that right, the name of the shareholder’s appointee should be legibly printed in the blank space provided. In addition, the shareholder should notify the appointee of the appointment, obtain his or her consent to act as appointee and instruct the appointee on how the shareholder’s shares are to be voted.

Shareholders who are not registered shareholders should refer to “Notice to Beneficial Holders of Shares” below.

Revocation of Proxy

A shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a person who has given a proxy personally attends the Meeting at which that proxy is to be voted, that person may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or his attorney or authorized agent and deposited with Computershare Investor Services Inc. at any time up to 10:30 a.m. (AST) on June 17, 2014 by mail or by hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or deposited with the Secretary of the Corporation before the commencement of the Meeting, or any adjournment thereof, and upon either of those deposits, the proxy will be revoked.

Notice to Beneficial Holders of Shares

The information set out in this section is of importance to many shareholders, as a substantial number of shareholders do not hold shares of the Corporation in their own name. Shareholders who do not hold their shares of the Corporation in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder’s name on the records of the Corporation. Those 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. Shares held by brokers or their nominees can be voted (for or against resolutions or withheld from voting) only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined below), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders under applicable securities regulations for purposes of dissemination to Beneficial Shareholders of proxy-related materials and other securityholder materials and requests for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners (“**NOBOs**”) are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation. Objecting beneficial owners (“**OBOs**”) are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

National Instrument 54-101 allows the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and to use such NOBO list for the purpose of distributing the Notice of Meeting, this Circular and a voting instruction form or form of proxy, as applicable (collectively, the “**Meeting Materials**”) directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver Meeting Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of NI 54-101, the Corporation is sending the Meeting Materials indirectly to all Beneficial Shareholders through intermediaries. The cost of the delivery of the Meeting Materials by intermediaries to Beneficial Shareholders will be borne by the Corporation.

Applicable securities regulations require intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings on Form 54-101F7. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to appoint to attend the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails a voting instruction form in lieu of a form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge’s dedicated voting website at <https://central-online.proxyvote.com> to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to the Corporation’s transfer agent and registrar, which will tabulate the results and provide appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment(s) thereof.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the shares in respect of which they are appointed, on any ballot that may be called for, in accordance with the instructions of the shareholder as indicated on the proxy. In the absence of such specification, such shares will be voted FOR the: (i) election of directors; (ii) appointment of auditors, and (iii) special resolution authorizing an amendment to the Articles of the Corporation so as to, if deemed advisable by the Board of Directors of the Corporation, consolidate the issued and outstanding common shares of the Corporation on the basis of one common share for a maximum of every ten common shares issued and outstanding, as set out under such headings in this Management Proxy Circular. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting or any adjournment thereof. As of the date hereof, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the persons named in the proxy.

VOTING SHARES

As at May 20, 2014, there were 43,553,767 issued and outstanding common shares of the Corporation. Each common share entitles the holder thereof to one vote. The Corporation has fixed May 15, 2014 as the record date (the “**Record Date**”) for the purpose of determining shareholders entitled to receive notice of the Meeting. Pursuant to the *Canada Business Corporations Act*, the Corporation is required to prepare, no later than ten days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date that shows the number of shares held by each shareholder. A shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. A shareholder of record on the Record Date will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting, even though the shareholder may subsequently dispose of his or her shares. No shareholder who has become a shareholder after the Record Date will be entitled to attend or vote at the Meeting or any adjournment(s) thereof. The list of shareholders is available for inspection during usual business hours at the registered office of the Corporation, 1550 Bedford Highway, Suite 820 - Sun Tower, Bedford, Nova Scotia B4A 1E6, and at the Meeting.

PRINCIPAL HOLDERS

As at May 20, 2014, to the best knowledge of the Corporation, the following persons beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the common shares of the Corporation:

<u>Name and place of residence</u>	<u>Number of shares held</u>	<u>Percentage</u>
Johannes H. C. van Hoof Buenos Aires, Argentina	11,994,100 ⁽¹⁾	27.54%
Sprott Asset Management LP Toronto, Ontario	7,368,650 ⁽²⁾	16.92%

(1) These shares are held by Van Hoof Industrial Holdings Ltd., a company controlled by Johannes H. C. van Hoof, Executive Chairman of the Board of Directors of the Corporation.

(2) The information was confirmed to the Corporation by Sprott Asset Management LP on May 20, 2014, and is not within the direct knowledge of the Corporation.

ELECTION OF DIRECTORS

The Board currently consists of four directors. The persons named in the enclosed form of proxy intend to vote for the election of the four nominees whose names are set forth below. Each director will hold office until the next annual meeting of shareholders or until the election of his successor, unless he resigns or his office becomes vacant by removal, death or other cause.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his principal occupation, the year in which such person became a director of the Corporation, and the number of common shares of the Corporation that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below.

<u>Name, municipality of residence and position with the Corporation</u>	<u>Principal occupation</u>	<u>First year as director</u>	<u>Number of shares beneficially owned or over which control is exercised as at May 20, 2014</u>
Johannes H. C. van Hoof ⁽¹⁾ Buenos Aires, Argentina Executive Chairman of the Board of Directors	President and Chief Executive Officer NSX Silver Inc. (mining exploration company)	2010	11,994,100 ⁽²⁾
Glenn A. Holmes Hammonds Plains, Nova Scotia, Canada Chief Executive Officer and Director	Chief Executive Officer of the Corporation	2011	610,000
Grant Loon ⁽¹⁾ Stockholm, Sweden Director	Managing Director VHC Sweden (investment management company)	2010	438,500 ⁽³⁾
James M. Proudfoot ⁽¹⁾ Cambridge, Ontario, Canada Director	President James M. Proudfoot Limited (consulting mining engineering firm)	2010	38,250

(1) Member of the Audit Committee.

(2) These shares are held by Van Hoof Industrial Holdings Ltd., a company controlled by Mr. van Hoof.

(3) Of these, 300,000 common shares are held by Caddis Holdings Limited, a company controlled by Mr. Loon.

The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Corporation and has been furnished by the respective nominees individually.

To the knowledge of the Corporation, none of the foregoing nominees for election as a director:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:
 - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “**Order**”), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

None of the foregoing nominees for election as director of the Corporation has been subject to:

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

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

This Compensation Discussion and Analysis is intended to provide information about the Corporation's executive compensation philosophy, objectives and process and to discuss compensation relating to each person who acted as Chief Executive Officer and as Chief Financial Officer and the three most highly-compensated executive officers (or three most highly-compensated individuals acting in a similar capacity), other than the Chief Executive Officer and Chief Financial Officer, whose total compensation was more than \$150,000 in the Corporation's last financial year (each a "**Named Executive Officer**" and collectively the "**Named Executive Officers**"). For the fiscal year ended December 31, 2013, the Corporation had two Named Executive Officers, namely, Glenn A. Holmes (Chief Executive Officer) and Robert Randall (Chief Financial Officer).

The following is a description of the Corporation's executive compensation philosophy and objectives for the fiscal year ended December 31, 2013.

Compensation Philosophy and Objectives

The Corporation is a mining exploration company and, at present, does not have positive earnings. In light of the Corporation's current stage of development, it does not have a formal compensation program. The Board of Directors meets to discuss and determine management compensation without reference to formal criteria. The general objective of the Corporation's compensation is to: (i) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (ii) align management's interests with the long-term interests of shareholders; (iii) provide a compensation package that is commensurate with other junior mining exploration companies in order to enable the Corporation to attract and retain talent; and (iv) ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Corporation operates by virtue of the fact that it is a junior mining exploration company without a history of earnings.

Compensation Process

The Board of Directors does not have a Compensation Committee. The Board of Directors, as a whole, ensures that total compensation paid to all Named Executive Officers is fair and reasonable and accomplishes the following long-term objectives:

- o produce long-term, positive results for the Corporation's shareholders;
- o align executive compensation with corporate performance; and
- o provide market-competitive compensation and benefits that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful.

Analysis of Elements

The compensation paid to Named Executive Officers is comprised of two main components: base salary and long-term incentives, in the form of stock options granted pursuant to the Corporation's 2010 Stock Option Plan, adopted by the Board of Directors on July 20, 2010. The following discussion describes the components of compensation and discusses how each component relates to the Corporation's overall executive compensation objective. The Corporation believes that:

- o base salaries provide an immediate cash incentive for the Corporation's Named Executive Officers and should be at levels competitive with peer companies that compete with the Corporation for business opportunities and executive talent; and
- o stock options ensure that the Named Executive Officers are motivated to achieve long-term growth of the Corporation and increases in shareholder value, and provide capital accumulation linked directly to the Corporation's performance.

The Corporation places equal emphasis on base salary and stock options as short-term and long-term incentives, respectively.

Base Salaries

The Named Executive Officers receive a base salary which is based primarily on the level of responsibility of the position, the qualifications and experience of the officer and market conditions.

The base salaries of the Named Executive Officers are reviewed annually to ensure that they take into account the following factors: market and economic conditions, levels of responsibility and accountability of each Named Executive Officer, skill and competencies of each individual, retention considerations, and level of demonstrated performance.

Base salaries, including that of the Chief Executive Officer, are reviewed by the Board of Directors, as a whole, on the basis of its opinion as to a fair and responsible compensation package, taking into account the contribution of the Chief Executive Officer to the Corporation's long-term growth and the knowledge of the members of the Board of Directors with respect to remuneration practices in Canada.

Long-Term Incentive Plans and Stock Option Plan

The Corporation has no long-term incentive plans in effect other than the 2010 Stock Option Plan. The Corporation provides long-term incentive compensation to its Named Executive Officers through the 2010 Stock Option Plan. For the material terms and conditions of the Corporation's 2010 Stock Option Plan, see the heading "2010 Stock Option Plan" below.

During the fiscal year ended December 31, 2013, the Corporation granted an aggregate of 600,000 stock options to two Named Executive Officers. The exercise price of these options is \$0.10 per share and they will expire on May 23, 2023. These options vested immediately.

Group Benefits/Perquisites

The officers of the Corporation do not benefit from any life, medical, long-term disability or other insurance. None of the officers benefits from a retirement plan.

External Compensation Consultants

During the fiscal years ended December 31, 2013 and 2012, the Corporation did not retain the services of executive compensation consultants to assist the Board of Directors in determining compensation for any of the Corporation's Named Executive Officers or directors.

Assessment of Risks Associated with the Corporation's Compensation Policies and Practices

The Board of Directors has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Board of Directors has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The Board of Directors considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Corporation has not adopted a policy restricting its Named Executive Officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or

held, directly or indirectly, by its Named Executive Officers or directors. To the knowledge of the Corporation, none of the Named Executive Officers or directors has purchased such financial instruments.

Summary of the Compensation of the Named Executive Officers

The following table provides information for the fiscal years ended December 31, 2013, 2012 and 2011 regarding compensation paid to or earned by the Named Executive Officers and by the Executive Chairman of the Board of Directors.

Summary Compensation Table

Name and principal occupation	Year	Salary ⁽¹⁾ (\$)	Share-based awards ⁽²⁾ (\$)	Option-based awards ⁽³⁾ (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension value ⁽⁵⁾ (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans ⁽⁴⁾	Long-term incentive plans			
Johannes H.C. van Hoof Executive Chairman ⁽⁶⁾	2013	1	—	—	—	—	—	—	1
	2012	1	—	—	—	—	—	—	1
	2011	1	—	—	—	—	—	—	1
Glenn A. Holmes ⁽⁷⁾ Chief Executive Officer	2013	56,000	—	19,900	—	—	—	—	75,900
	2012	72,000	—	22,430	—	—	—	—	94,430
	2011	108,000	—	30,566	—	—	—	—	138,566
Robert Randall ⁽⁸⁾ Chief Financial Officer	2013	36,000	—	9,950	—	—	—	—	45,950
	2012	36,000	—	8,156	—	—	—	—	44,156

(1) This column discloses the actual salary earned during the fiscal year indicated.

(2) The Corporation does not have a share-based compensation plan.

(3) This column discloses the total value of stock options at the time of grant. **These figures do not reflect the current value of the stock options or the value, if any, that may be realized if and when the stock options are exercised.** The value of the option awards was calculated using the Black-Scholes option-pricing model using the same assumptions used for determining the equity-based compensation expense in the Corporation's financial statements for the fiscal years ended December 31, 2013, 2012 and 2011 in accordance with generally accepted accounting principles. The Black-Scholes model was selected by the Corporation as it is the most widely-adopted and used option-valuation method. These assumptions are:

	2013	2012	2011
Risk-free interest rate:	1.4%	2.1%	2.1%
Expected life of options:	5 years	2.5 years	2.5 years
Expected volatility:	160 %	100%	100%
Dividend yield:	0%	0%	0.0%
Fair value of granted option at the date of grant:	\$0.05	\$0.08	\$0.32

(4) The amounts disclosed in the column are granted as annual cash bonuses and are attributable in the fiscal year indicated.

(5) The Corporation does not have a retirement plan.

(6) Mr. van Hoof was appointed President and Chief Executive Officer on June 18, 2010. On April 13, 2012, Mr. van Hoof was appointed Executive Chairman of the Board of Directors of the Corporation.

(7) Mr. Holmes was appointed Chief Financial Officer on June 18, 2010. Mr. Holmes provided his services as Chief Financial Officer of the Corporation on a consulting basis. On April 13, 2012, Mr. Holmes was appointed Chief Executive Officer of the Corporation.

(8) Mr. Randall was appointed Chief Financial Officer of the Corporation on April 13, 2012.

Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards

The following table sets out the details of all stock options held by the Named Executive Officers and by the Executive Chairman of the Board of Directors as at December 31, 2013, the end of the Corporation's most recently-completed financial year.

Name	Option-Based Awards				Share-Based Awards ⁽²⁾	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽¹⁾ (\$)	Number of Performance Shares that have not Vested (#)	Market or Payout Value of Performance Shares that have not Vested (\$)
Johannes H.C. van Hoof	—	—	—	—	n/a	n/a
Glenn A. Holmes	100,000 50,000 275,000 400,000	0.50 0.50 0.14 0.10	March 24, 2014 June 22, 2016 April 13, 2017 May 23, 2023	— — — —	n/a	n/a
Robert Randall	100,000 200,000	0.14 0.10	April 13, 2017 May 23, 2023	— —	n/a	n/a

(1) The Corporation does not have a share-based compensation plan.

(2) This column sets out the aggregate value of in-the-money unexercised stock options as at December 31, 2013, calculated based on the difference between the market price of the common shares underlying the stock options as at December 30, 2013 (\$0.02), the last trading day in fiscal year 2013, and the exercise price of the stock options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out, for each Named Executive Officer and for the Executive Chairman of the Board of Directors, the value of option-based awards and share-based awards which vested during the year ended December 31, 2013 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2013.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year ⁽²⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Johannes H.C. van Hoof	n/a ⁽³⁾	—	—
Glenn A. Holmes	—	—	—
Robert Randall	—	—	—

(1) Calculated based on the difference between the market price of the shares underlying the options at the vesting date and the exercise price of the option on the vesting date.

(2) The Corporation does not have a share-based compensation plan.

(3) Mr. van Hoof does not hold any option-based awards.

Termination and Change of Control Benefits

The Corporation does not have any plan or arrangement whereby any Named Executive Officer or the Executive Chairman of the Board of Directors may be compensated in the event of that person's resignation, retirement or other termination of employment, or in the event of a change of control of the Corporation or a change in such person's responsibilities following such a change of control.

Director Compensation

During the fiscal year ended December 31, 2013, the Corporation did not pay any cash remuneration to its directors for their services in such capacity. The Corporation granted an aggregate of 400,000 stock options to its directors (other than the Named Executive Officers and the Executive Chairman of the Board of Directors) for their services in such capacity. The exercise price of these options is \$0.10 per share and they will expire on May 23, 2023. The following table sets out the

compensation of the directors of the Corporation (other than the Named Executive Officers and the Executive Chairman of the Board of Directors) for their services as such during the fiscal year ended December 31, 2013.

Name	Fees earned (\$)	Share-based ⁽¹⁾ awards (\$)	Option-based awards ⁽²⁾ (\$)	Non-equity incentive plan compensation ⁽³⁾ (\$)	Pension value ⁽⁴⁾ (\$)	All other compensation ⁽⁵⁾ (\$)	Total (\$)
Grant Loon Director	—	—	9,950	—	—	—	9,950
James M. Proudfoot Director	—	—	9,950	—	—	—	9,950
Total	—	—	19,900	—	—	—	19,900

(1) The Corporation does not have a share-based compensation plan.

(2) This column sets out the total value of stock options granted to the directors during the 2013 fiscal year. **These figures do not reflect the current value of stock options or the value, if any, that may be realized if and when the stock options are exercised.** The value of stock options shown in this column was calculated using the Black-Scholes option pricing model at the time of grant, using the same assumptions used for determining the equity-based compensation expense with respect to options granted to officers of the Corporation presented in the Corporation's financial statements for the fiscal year ended December 31, 2013, in accordance with generally accepted accounting principles. The Black-Scholes model was selected by the Corporation as it is the most widely-adopted and used option-valuation method. These assumptions are:

Risk-free interest rate:	1.4%
Expected life of options:	5 years
Expected volatility:	160%
Dividend yield:	0%
Weighted average fair value of granted options at the date of grant:	\$0.05

(3) The Corporation does not have any non-equity long-term incentive plan for directors.

(4) The Corporation does have a retirement plan.

(5) The Corporation does not provide directors with any other form of compensation.

Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards

The following table sets out the details of all option-based awards outstanding at December 31, 2013 held by the directors of the Corporation (other than the Named Executive Officers and the Executive Chairman of the Board of Directors). The Corporation does not have a share-based compensation plan for directors.

Name	Option-Based Awards				Share-Based Awards ⁽¹⁾	
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽²⁾ (\$)	Number of Shares or Units of Shares that have not Vested (#)	Market or Payout Value of Share-based awards that have not Vested (\$)
Grant Loon Director	100,000	0.50	March 24, 2016	—	—	—
	125,000	0.14	April 13, 2017	—	—	—
	200,000	0.10	May 23, 2023	—	—	—
James M. Proudfoot Director	100,000	0.25	August 17, 2015	—	—	—
	100,000	0.50	March 24, 2016	—	—	—
	35,000	0.50	June 22, 2016	—	—	—
	125,000	0.14	April 13, 2017	—	—	—
	200,000	0.10	May 23, 2023	—	—	—

(1) The Corporation does not have a share-based compensation plan.

(2) This column sets out the aggregate value of in-the-money unexercised stock options as at December 31, 2013, calculated based on the difference between the market price of the common shares underlying the stock options as at December 30, 2013 (\$0.02), the last trading day in the 2013 fiscal year, and the exercise price of the stock options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets out, for each director (other than the Named Executive Officers and the Executive Chairman of the Board of Directors), the value of option-based awards and share-based awards which vested during the year ended

December 31, 2013 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2013.

Name	Option-Based Awards – Value Vested During the Year ⁽¹⁾ (\$)	Share-Based Awards – Value Vested During the Year ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Grant Loon	—	n/a	—
James M. Proudfoot	—	n/a	—

(1) Calculated based on the difference between the market price of the shares underlying the options at the vesting date and the exercise price of the option on the vesting date.

(2) The Corporation does not have a share-based compensation plan.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2013, the end of the Corporation’s last fiscal year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under the Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans previously approved by shareholders	Nil	Nil	Nil
Equity compensation plans not previously approved by shareholders	2,845,000 ⁽²⁾	\$0.20	1,015,000

(1) The Corporation does not have any warrants or rights outstanding under any equity compensation plans.

(2) Stock options granted pursuant to the Corporation’s 2010 Stock Option Plan, adopted by the Board of Directors on July 20, 2010.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is, or who was at any time during the fiscal year ended December 31, 2013, a director, executive officer or senior officer of the Corporation or a subsidiary thereof, and no person who is a nominee for election as a director of the Corporation, and no associate of such persons, is, or was at any time since the beginning of the fiscal year ended December 31, 2013, indebted to the Corporation or a subsidiary of the Corporation, nor has any such person been indebted at any time since the beginning of the fiscal year ended December 31, 2013 to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary of the Corporation.

AUDIT COMMITTEE

Charter of the Audit Committee

The Charter of the Audit Committee is annexed to this Management Proxy Circular as Schedule B.

Composition of the Audit Committee

The Audit Committee is composed of Johannes H. C. van Hoof, Grant Loon and James M. Proudfoot. Under National Instrument 52-110 *Audit Committees*, a director of an Audit Committee is “independent” if he or she has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of the member’s independent judgment.

The Board of Directors has determined that Johannes H. C. van Hoof is not an independent member of the Audit Committee as he is the Executive Chairman of the Board of Directors of the Corporation. The Board of Directors has further determined that Grant Loon and James M. Proudfoot are independent members of the Audit Committee.

The Board of Directors has determined that each of the three members of the Audit Committee is “financially literate” within the meaning of section 1.5 of National Instrument 52-110 *Audit Committees*, that is, each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Education and Relevant Experience

The education and related experience of each of the members of the Audit Committee is described below.

Johannes H.C. van Hoof – Johannes (Hans) van Hoof has held senior positions at various European financial institutions, including PVF Pension Funds, Paribas Capital Markets and Bankers Trust. His roles during the past 25 years include senior Portfolio Manager, senior Risk Manager, Deputy Head of global equity derivatives, Managing Director responsible for M&A arbitrage, derivatives arbitrage and venture capital investments as well as Chairman and Senior Executive Officer of Soros Funds Limited in London. In 2002, Mr. van Hoof founded VHC Partners alternative investment management group, active in hedge fund management, corporate and project finance advisory services, private equity investments and charitable projects. Mr. van Hoof is Chief Executive Officer and a director of NSX Silver Inc. (TSX Venture Exchange).

Grant Loon – Grant Loon has more than 15 years of experience in trading and operations roles within financial institutions and alternative investment management firms. As Partner and Chief Operating Officer of VHC Partners, an alternative investment management group, Mr. Loon had responsibility for the establishment and oversight of the group’s operations. More recently, his roles have included establishing a multi-fund operations infrastructure and risk management framework while working as COO for a Stockholm-based hedge fund management company. Mr. Loon is currently the Managing Director of VHC Sweden and holds several non-executive Board positions. Prior to joining VHC, Mr. Loon worked at Morgan Stanley & Co. International, Commerzbank Global Equities and Soros Funds Limited. Mr. Loon is a director of NSX Silver Inc. (TSX Venture Exchange).

James M. Proudfoot – James M. Proudfoot has more than 45 years’ experience in the mining industry as a mining engineer and independent consultant. He has held senior production management positions with several mining companies, including Noranda Mines as a production engineer and Mine Superintendent and Chief Engineer for Anaconda America Brass Ltd. at the Caribou mine. His career spans all facets of the industry from exploration through project design and construction to operations management. Mr. Proudfoot served in executive management functions with mine development contractors, as Vice President Finance of J. S. Redpath Ltd. and Manager of Mine Contracting with The Cementation Company (Canada) Limited. Since 1976, Mr. Proudfoot has been President of James M. Proudfoot Limited, an independent consulting mining engineering firm. He holds a B.Sc. degree, Geology and Mathematics, from Acadia University (1957), a B.Eng. degree, Mining Engineering, from McGill University (1959) and a CMA Society of Industrial Accountant (1970). He is currently a director of Lovitt Resources Inc. (TSX Venture Exchange) and NSX Silver Inc. (TSX Venture Exchange) and served as a director and officer of Aurogin Resources Ltd. (CDNX) from 1995 to 2003.

Audit Committee Oversight

Since the commencement of the Corporation’s most recently-completed financial year, the Corporation’s Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

Since the commencement of the Corporation’s most recently-completed financial year, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of National Instrument 52-110 *Audit Committees*. Section 2.4 (*De Minimis Non-audit Services*) provides an exemption from the requirement that the Audit Committee pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 (*Exemptions*) permits a company to apply to a securities regulatory authority for an exemption from the requirements of National Instrument 52-110 *Audit Committees* in whole or in part. The Corporation is relying on the exemption set out in section 6.1 of National Instrument 52-110 *Audit Committees* with respect to the composition of the Audit Committee and certain reporting obligations.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Charter of the Audit Committee of the Corporation. The Charter of the Audit Committee was filed on SEDAR on November 16, 2009 and is annexed to this Circular as Schedule B.

External Auditor Fees

(a) Audit Fees

“Audit fees” consist of fees for professional services for the audit of the Corporation’s annual financial statements, assistance with interim financial statements, and related matters. PricewaterhouseCoopers LLP, Chartered Accountants, the Corporation’s external auditors, billed the Corporation \$14,000 in audit fees during the fiscal year ended December 31, 2013 and billed the Corporation \$14,000 in audit fees during the fiscal year ended December 31, 2012.

(b) Audit-Related Fees

“Audit-related fees” consist of fees for professional services that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and which are not reported under “Audit Fees” above. PricewaterhouseCoopers LLP, Chartered Accountants, the Corporation’s external auditors, did not bill the Corporation for audit-related fees during the fiscal year ended December 31, 2013 or during the fiscal year ended December 31, 2012.

(c) Tax Fees

“Tax fees” consist of fees for professional services for tax compliance, tax advice and tax planning. PricewaterhouseCoopers LLP, Chartered Accountants, the Corporation’s external auditors, billed the Corporation \$2,050 in tax fees during the fiscal year ended December 31, 2013 and billed the Corporation \$11,500 in tax fees during the fiscal year ended December 31, 2012.

(d) All Other Fees

“All Other Fees” consist of fees for services other than the audit fees, audit-related fees and tax fees described above. PricewaterhouseCoopers LLP, Chartered Accountants, the Corporation’s external auditors, did not bill the Corporation for other services during the fiscal year ended December 31, 2013 and billed the Corporation \$5,000 for other services during the fiscal year ended December 31, 2012.

APPOINTMENT OF AUDITORS

Except where authorization to vote with respect to the appointment of auditors is withheld, the persons named in the accompanying form of proxy intend to vote for the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as the auditors of the Corporation until the next annual meeting of shareholders, at such remuneration as may be determined by the Board of Directors. PricewaterhouseCoopers LLP, Chartered Accountants, have served as the auditors of the Corporation since November 2010.

CONSOLIDATION OF SHARES

As at May 20, 2014, there were 43,553,767 issued and outstanding common shares of the Corporation. The Corporation considers that without a share consolidation, it may be more difficult for the Corporation to effect future financings.

Accordingly, shareholders will be asked to approve a special resolution in the form annexed hereto as Schedule A (the “**Special Resolution**”), authorizing, if deemed advisable by the Board of Directors, an amendment to the Articles of the Corporation so as to consolidate the issued and outstanding common shares of the Corporation on the basis of one common share for a maximum of every ten common shares issued and outstanding. In order to be adopted, the Special Resolution must be approved by at least two-thirds of the votes cast by the holders of the common shares, either present in person or represented by proxy at the Meeting.

If the Special Resolution is adopted by the shareholders, Articles of Amendment will be filed if and when deemed advisable by the Board of Directors in its discretion, but in no case later than twelve months from the date of the Meeting. In such

event, subject to the maximum referred to above, the determination of the basis for the consolidation will be at the discretion of the Board of Directors. Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote for the Special Resolution. The amendment of the Articles will not have any effect on the day-to-day operations of the Corporation.

2010 STOCK OPTION PLAN

The 2010 Stock Option Plan of the Corporation was established by the Board of Directors of the Corporation on July 20, 2010. On May 17, 2013, the Board of Directors amended the 2010 Stock Option Plan so as to increase the number of shares that may be issued thereunder from 2 million to 4 million. The following are the material terms and conditions of the 2010 Stock Option Plan:

- (i) the Board of Directors of the Corporation may grant options to directors, officers and employees of, and consultants to, the Corporation and its subsidiaries;
- (ii) a maximum of 4,000,000 common shares may be issued under the 2010 Stock Option Plan;
- (iii) the aggregate number of common shares reserved for issuance upon the exercise of options by any one person cannot exceed, during any twelve-month period, 5% of the number of issued and outstanding common shares of the Corporation at the date the option is granted;
- (iv) the aggregate number of common shares reserved for issuance upon the exercise of options by any one consultant cannot exceed, during any twelve-month period, 2% of the number of issued and outstanding common shares of the Corporation at the date the option is granted to the consultant;
- (v) the aggregate number of common shares reserved for issuance upon the exercise of options by any person employed to provide investor-relation activities cannot exceed, during any twelve-month period, 2% of the number of issued and outstanding common shares of the Corporation at the date the option is granted to such person;
- (vi) the exercise price of the options is determined by the Board of Directors at the time the options are granted, but cannot be less than the closing price of the Corporation's common shares on the trading day immediately preceding the day on which the option is granted;
- (vii) subject to the requirements of the TSX Venture Exchange, the Board has the discretion to set the terms of any vesting schedule for each option granted;
- (viii) the maximum period during which an option may be exercised is ten years from the date of grant, as determined by the Board of Directors, after which the option lapses;
- (ix) options are not assignable or transferable, except by will or the laws of succession;
- (x) if an optionee becomes, in the determination of the Board of Directors, permanently disabled while employed by the Corporation or while a director thereof or consultant thereto, any option may be exercised only for that number of shares which the optionee was entitled to acquire at the time of the occurrence of the permanent disability, at the latest on the date of expiry of the option or 90 days after such occurrence, whichever occurs first, after which the option lapses;
- (xi) if an optionee dies, any option held by the optionee may be exercised only for that number of shares which the optionee was entitled to acquire at the time of death, at the latest on the date of expiry of the option or one year after the date of death, whichever occurs first, after which the option lapses;
- (xii) upon an optionee's employment, office, directorship or consulting services with the Corporation terminating or ending otherwise than by reason of death, permanent disability or termination for cause, any option held by the optionee may be exercised only for that number of shares which the optionee was entitled to acquire at such time, at the latest on the date of expiry of the option or 90 days after such date (30 days if the optionee was engaged in investor-relation activities), whichever occurs first, after which the option lapses;

- (xiii) the option price is payable in full at the time an option is exercised; and
- (xiv) in the event that an offer to purchase the common shares of the Corporation or any part thereof is made to all shareholders, the Corporation has the right to permit the exercise of all outstanding options within a 20-day period and to determine that upon the expiry of such 20-day period, the options lapse.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Management Proxy Circular, “informed person” of the Corporation means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a person or 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, if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

To the best of the Corporation’s knowledge, no informed person of the Corporation, and no associate or affiliate of any such person, at any time since January 1, 2013, has or had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since January 1, 2013 that has materially affected the Corporation, or in any proposed transaction that could materially affect the Corporation, or in any matter to be acted upon at this Meeting, with the exception of Van Hoof Industrial Holdings Ltd. (“**VHIIH**”), a company controlled by Mr. Hans van Hoof, Executive Chairman of the Board of Directors of the Corporation. In December 2012, the Corporation obtained a loan facility of up to \$500,000 from VHIIH. The loan facility was made available to the Corporation without any fees, options or warrants. As the loan is drawn upon, it bears interest at the rate of 6% per annum and is repayable in full on December 31, 2014. As security for the repayment of the loan, the Corporation has granted a security interest over its 1,875,804 common shares of NSX Silver Inc. As at December 31, 2013, VHIIH had advanced \$204,540 of this loan facility to the Corporation and interest in the amount of \$5,000 was accrued. Subsequent to December 31, 2013, VHIIH advanced an additional \$50,000 to the Corporation.

OTHER MATTERS

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* provides, in effect, that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a “**Proposal**”) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The *Canada Business Corporations Act* further provides, in effect, that the Corporation must set out the Proposal in its management proxy circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management proxy circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Corporation. As the notice in connection with the Meeting is dated May 20, 2014, the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of shareholders is February 19, 2015.

The foregoing is a summary only; shareholders should carefully review the provisions of the *Canada Business Corporations Act* relating to Proposals and consult with a legal advisor.

CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices*, set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an

annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

1. Board of Directors

Disclose how the board of directors facilitates its exercise of independent supervision over management, including:

- (i) *the identity of directors who are independent; and*
- (ii) *the identity of directors who are not independent, and the basis for that determination.*

The Board of Directors considers that Grant Loon and James M. Proudfoot are independent within the meaning of National Instrument 52-110 *Audit Committees*.

The Board of Directors considers that Johannes H. C. van Hoof is not independent within the meaning of National Instrument 52-110 *Audit Committees* in that he is the Executive Chairman of the Board of Directors of the Corporation. The Board of Directors considers that Glenn A. Holmes is not independent within the meaning of National Instrument 52-110 *Audit Committees* in that he is the Chief Executive Officer of the Corporation.

Meetings of the Board of Directors are chaired by Johannes H. C. van Hoof. If necessary, the independent members of the Board of Directors can meet without the non-independent directors and other members of management present.

2. Directorships

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name of Director	Issuer
Johannes H. C. van Hoof	NSX Silver Inc. (TSX Venture Exchange)
Glenn A. Holmes	Oceanus Resources Corporation (TSX Venture Exchange) NSX Silver Inc. (TSX Venture Exchange)
James M. Proudfoot	Lovitt Resources Inc. (TSX Venture Exchange) NSX Silver Inc. (TSX Venture Exchange)
Grant Loon	NSX Silver Inc. (TSX Venture Exchange)

3. Orientation and Continuing Education

Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

The Corporation does not currently have a formal orientation program for new directors. The Board of Directors has not taken any measures to provide continuing education for the directors.

4. Ethical Business Conduct

Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

In light of the Corporation's stage of development and its limited number of employees, the Board of Directors has not taken formal steps to encourage and promote a culture of ethical business conduct. The Corporation does take measures to ensure that the directors do not trade in the Corporation's shares at a time when disclosure of material information is pending.

Notwithstanding the absence of a formal code of conduct, the Board of Directors believes that the fiduciary duties placed on individual directors by the *Canada Business Corporations Act* and the common law, as well as the restrictions placed by the *Canada Business Corporations Act* on an individual director's participation in decisions of the Board of Directors in which the director has an interest, have been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Corporation.

5. **Nomination of Directors**

Disclose what steps, if any, are taken to identify new candidates for board nomination, including:

- (i) *who identifies new candidates; and*
- (ii) *the process of identifying new candidates.*

The Board of Directors, as a whole, is responsible for identifying potential new directors and assessing the performance and contribution of directors.

6. **Compensation**

Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) *who determines compensation; and*
- (ii) *the process for determining compensation.*

During the fiscal year ended December 31, 2013, the directors of the Corporation did not receive any cash compensation for serving in that capacity. The Board has not formally reviewed compensation of directors.

The process by which the Corporation currently determines the compensation of its executive officers and directors is described in the section entitled "Compensation of Executive Officers and Directors — Compensation Discussion and Analysis" above.

7. **Other Board Committees**

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board of Directors does not have any standing committees other than the Audit Committee.

8. **Assessments**

Disclose what steps, if any, that the Board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

The Board of Directors, as a whole, is responsible for assessing the effectiveness of the Board of Directors, its committees and individual directors and the competence and qualifications that each director is required to bring to the Board of Directors. Although no formal process has been put in place for such assessment, the Board conducts informal assessments on an as-needed basis. In this regard, the Board of Directors from time-to-time examines and comments on its effectiveness and that of its committees, and makes adjustments when warranted.

ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its comparative financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2013, and additional information about the Corporation is available on SEDAR at www.sedar.com.

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the comparative financial statements of the Corporation for the fiscal year ended December 31, 2013 together with the accompanying report of the auditors thereon and any interim financial statements of the Corporation for periods subsequent to December 31, 2013 and Management's Discussion and Analysis with respect thereto; and
- (b) this Management Proxy Circular,

please send your request to:

NSGold Corporation
Suite 820, Sun Tower
1550 Bedford Highway
Bedford, Nova Scotia
B4A 1E6

Telephone: (902) 483-2308
Email: glenn.holmes@nsgoldcorp.com

AUTHORIZATION

The contents and the mailing of this Management Proxy Circular have been approved by the Board of Directors of the Corporation.

(signed) Glenn A. Holmes
Chief Executive Officer

DATED the 20th day of May, 2014

SCHEDULE A

SHAREHOLDERS' SPECIAL RESOLUTION

Share Consolidation

BE AND IT IS HEREBY RESOLVED:

THAT the Articles of the Corporation be amended so that the issued and outstanding common shares of the Corporation are consolidated on the basis of one (1) common share for a maximum of every ten (10) common shares then issued and outstanding;

THAT, subject to the maximum set out above, the determination of the basis for the consolidation shall be at the discretion of the Board of Directors of the Corporation;

THAT the officers and directors of the Corporation are hereby authorized to file Articles of Amendment with Industry Canada if and when deemed advisable by the Board of Directors of the Corporation in its discretion, but in no case later than twelve (12) months from the date hereof, and do all other things necessary in order to give effect to the foregoing; and

THAT if the Board of Directors of the Corporation in its discretion deems it advisable, it is hereby authorized to abandon the proposed amendment to the Articles of the Corporation without further approval from the shareholders.

SCHEDULE B

CHARTER OF THE AUDIT COMMITTEE

The following Charter of the Audit Committee was adopted by the Corporation's Board of Directors and Audit Committee on November 9, 2009:

Mandate

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

- serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements;
- review and appraise the performance of the Corporation's external auditors; and
- provide an open avenue of communication among the Corporation's auditors, financial and senior management and the board of directors.

Composition

The Committee shall be comprised of a minimum of three directors as determined by the board of directors. If the Corporation ceases to be a "venture issuer" (as that term is defined in NI 52-110), then all of the members of the Committee shall be free from any relationship that, in the opinion of the board of directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

If the Corporation ceases to be a "venture issuer" (as that term is defined in NI 52-110), then all members of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Corporation's Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements.

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

Meetings

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

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review
 - (a) review and update this Audit Committee Charter annually; and

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

2. External Auditors

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

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

3. Financial Reporting Processes

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

4. Other

- (a) review any related-party transactions;
- (b) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- (c) to set and pay compensation for any independent counsel and other advisors employed by the Committee.