



Notice of Meetings and
Management Information Circular

for the

2014 and 2015

Annual General Meetings of Shareholders

of

DAMARA GOLD CORP.

Meeting date: Tuesday, June 7, 2016

Time: 10:00am (Pacific Time) and
10:15 am (Pacific Time)

#110 – 2300 Carrington Road
West Kelowna, British Columbia, Canada, V4T 2N6
Phone: (250) 768-1168 Fax: (250) 768-0020

www.damaragoldcorp.com
TSXV: DMR



**DAMARA GOLD CORP.
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the **2014** Annual General Meeting (the "Meeting") of shareholders of **Damara Gold Corp.** (the "Company") will be held at 110 – 2300 Carrington Road, West Kelowna, BC, on Tuesday, June 7, 2016 at **10:00am** (Pacific Time) for the following purposes:

1. To receive and consider the audited financial statements of the Company for the year ended July 31, 2014, and the report of the auditor thereon;
2. To fix the number of directors for the Company at five (5) and to elect Directors for the ensuing year;
3. To appoint the auditors for the ensuing year at a remuneration to be fixed by the directors;
4. To consider and, if thought fit, to pass an ordinary resolution re-adopting and re-approving the current stock option plan for the Company; and
6. To transact such other business as may be properly transacted at the Meeting or at any adjournment thereof.

Accompanying this Notice of Meeting are the Company's Management Information Circular and form of Proxy. The accompanying Management Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice.

Only shareholders of record at the close of business on April 26, 2016 will be entitled to receive notice of, and to vote at, the Meeting or any adjournment thereof. Shareholders who are unable to or who do not wish to attend the Meeting in person are requested to read, date and sign the accompanying proxy and deliver it to Computershare Investor Services Inc. ("**Computershare**"). If a shareholder does not deliver a proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, by 10:00 a.m. (Pacific Time) on June 3, 2016 (or at least 48 hours, excluding Saturdays, Sundays and holidays, before any adjournment of the meeting at which the proxy is to be used) then the shareholder will not be entitled to vote at the Meeting by proxy.

Dated this 27th day of April, 2016

BY ORDER OF THE BOARD OF DIRECTORS

"Lawrence Nagy"

Lawrence Nagy
President, CEO and Director



**DAMARA GOLD CORP.
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the **2015** Annual General Meeting (the "Meeting") of shareholders of **Damara Gold Corp.** (the "Company") will be held at 110 – 2300 Carrington Road, West Kelowna, BC, on Tuesday, June 7, 2016 at **10:15am** (Pacific Time) for the following purposes:

1. To receive and consider the audited financial statements of the Company for the year ended July 31, 2015, and the report of the auditor thereon;
2. To fix the number of directors for the Company at five (5) and to elect Directors for the ensuing year;
3. To appoint the auditors for the ensuing year at a remuneration to be fixed by the directors;
4. To consider and, if thought fit, to pass an ordinary resolution re-adopting and re-approving the current stock option plan for the Company; and
6. To transact such other business as may be properly transacted at the Meeting or at any adjournment thereof.

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Dated this 27th day of April, 2016

BY ORDER OF THE BOARD OF DIRECTORS

"Lawrence Nagy"

**Lawrence Nagy
President, CEO and Director**



MANAGEMENT INFORMATION CIRCULAR

as at and dated April 27, 2016

This Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies and voting instructions forms ("VIF's") by the management of Damara Gold Corp. ("Damara" or the "Company") for use at the 2014 annual general meeting of shareholders of the Company (and any adjournment thereof), at the time and place and for the purposes set forth in the accompanying Notice of Meeting (the "Meeting") and at the 2015 annual general meeting of shareholders of the Company (and any adjournment thereof), at the time and place and for the purposes set forth in the accompanying Notice of Meeting (the "Meeting"). Except where otherwise indicated the information contained herein is dated as of April 27, 2016. Solicitation will be primarily by mail, but some proxies and VIF's may be solicited personally or by telephone by regular employees or directors of the Company at a nominal cost. The cost of solicitation by management of the Company will be borne by the Company.

Damara is not using the 'Notice and Access' procedures available under NI 54-101 in respect of the Meeting.

Currency Exchange Rates

Financial information contained in this Circular is in Canadian Dollars unless otherwise indicated.

REVOCATION OF PROXIES

Revocation of Proxies

Shareholders have the power to revoke Proxies and VIFs previously given by them. Revocation of Proxies can be effected by an instrument in writing (which includes a Proxy bearing a later date) signed by a Shareholder or the Shareholder's attorney authorized in writing and, for a corporation, executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation. Such instrument must be delivered to Computershare as set out under "Completion and Voting of Proxies and VIFs – Appointment of Proxyholders" above, to the Company:

- (a) at the registered office of the Company (Suite 110 – 2300 Carrington Road, West Kelowna, British Columbia, V4T 2N6) at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used, or
- (b) provided to the chair of the meeting, at the meeting of shareholders, before any vote in respect of which the proxy is to be used shall have been taken.

or in any other manner provided by law.

Non-Registered Holders who wish to revoke a voting instruction form or a waiver of the right to receive proxy-related materials should contact their Intermediaries for instructions.

COMPLETION AND VOTING OF PROXIES AND VIFS

Voting

Voting at the Meeting will be by a show of hands, each registered Shareholder and each person representing a registered or unregistered Shareholder through a Proxy or VIF (a "**Proxyholder**") having one vote, unless a poll is required (if the number of Shares represented by Proxies and VIFs that are to be voted against a motion are greater than 5% of the votes that could be cast at the Meeting) or requested, whereupon each such Shareholder and Proxyholder is entitled to one vote for each Share held or represented, respectively.

Appointment of Proxyholders

The persons named in the Proxy or VIF as Proxyholders are directors or officers of the Company. **A Shareholder has the right to appoint a person (who need not be a Shareholder and, for a VIF, can be the appointing Shareholder) other than the persons named in the Proxy or VIF as Proxyholders to attend and vote on the Shareholder's behalf at the Meeting. To exercise this right, the Shareholder must strike out the names of the persons named in the Proxy or VIF as Proxyholders and insert the name of the Shareholder's nominee in the space provided or, if the Shareholder is a registered Shareholder, complete another Proxy.**

A Shareholder may indicate the manner in which the Proxyholders are to vote on behalf of the Shareholder, if a poll is held, by marking an "X" in the appropriate space of the Proxy or VIF. **If both spaces are left blank, the Proxy or VIF will be voted as recommended by management for any matter requiring a "For" or "Against" vote, and in favour of the matter for any matter requiring a "For" or "Withhold" vote.**

The Proxy or VIF must be dated and signed by the Shareholder or the Shareholder's attorney authorized in writing. In the case of a corporation, the Proxy or VIF must be dated and executed under its corporate seal or signed by a duly authorized officer of, or attorney for, the corporation.

The Proxy or VIF, when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting. The Company's management is not aware that any amendments or variations are to be presented at the Meeting. If any amendments or variations to such matters should properly come before the Meeting, the Proxies and VIFs hereby solicited will be voted as recommended by management.

Shareholders may vote their completed Proxies and VIFs, in accordance with the instructions set out on the Proxy or VIF. If voting by mail, Shareholders must return their completed Proxies and VIFs, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, in accordance with the instructions set out on the Proxy or VIF. Proxies (but not VIFs, unless the VIF has Computershare's name and address on the top right corner of the first page) may also be returned to the Company's transfer agent, Computershare, Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or by hand delivery to 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9. **Proxies and VIFs received after the time set out in the Proxy or VIF for delivery thereof may be accepted or rejected by the Chairman of the Meeting in the Chairman's discretion.**

Registered Shareholders

Only persons registered as Shareholders in the Company's Central Security Register maintained by its registrar and transfer agent or duly appointed Proxyholders will be recognized to make motions or vote at the Meeting.

Unregistered Shareholders

Shareholders holding their Shares through intermediaries (such as stockbrokers, securities dealers, banks, trust companies, trustees and their agents and nominees; **"Intermediaries"**) will not be recognized nor may they make motions or vote at the Meeting except as described below.

If Shares are listed in an account statement provided to a Shareholder by an Intermediary those Shares are probably not registered in the Shareholder's name. Such Shares will probably be registered in the name of the Intermediary or its nominee and can only be voted through a duly completed Proxy given by the Intermediary. Without specific instructions, Intermediaries are prohibited from voting Shares for their clients. **Therefore, each unregistered Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

NI 54-101 requires Intermediaries to seek voting instructions from OBOs in advance of Shareholder meetings. Intermediaries may have their own mailing procedures and provide their own form of VIF to clients, which should be carefully followed by unregistered Shareholders to ensure their Shares are voted at the Meeting. The VIF supplied to OBOs by Intermediaries is substantially similar to the Proxy provided by the Company directly to the registered Shareholders, however, it is limited to instructing the Intermediary (as the registered Shareholder) how to vote on behalf of the OBO.

Most Intermediaries in Canada and the United States of America (“**USA**”) delegate responsibility for obtaining instructions from OBOs to a third party corporation such as Broadridge (if the Shareholder is a NOBO, most Intermediaries allow the Company or its transfer agent to do so directly). This third party corporation sends a machine-readable VIF to OBOs and asks the OBOs to return the VIFs to them or provide instructions to them through the Internet or by telephone. The third party corporation (or the Company or its agent, if it has sent the VIF to the NOBO directly) then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting.

Although an unregistered Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of an Intermediary, the unregistered Shareholder may attend the Meeting as Proxyholder for the Intermediary and indirectly vote the Shares in that capacity. **Unregistered Shareholders wishing to attend the Meeting and indirectly vote their Shares as their own Proxyholder, must enter their own names in the blank space on the VIF provided to them and return the VIF in accordance with the instructions provided on it. If an unregistered Shareholder receives a VIF and does not wish to attend the Meeting as a Proxyholder, the VIF must be returned, or instructions respecting the voting of Shares must be communicated, to the third party corporation (or the Company or its transfer agent) in advance of the Meeting to have the Shares voted in accordance with the instructions on that VIF.**

Shareholders with questions respecting the voting of Shares held through an Intermediary should contact that Intermediary for assistance.

United States Shareholders

This solicitation of Proxies and VIFs involve securities of a corporation located in Canada and is being effected in accordance with the corporate and securities laws of the province of British Columbia, Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation. Shareholders should be aware that disclosure and proxy solicitation requirements under the securities laws of British Columbia, Canada differ from the disclosure and proxy solicitation requirements under United States securities laws. The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia), some of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign corporation or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign corporation and its officers and directors to subject themselves to a judgment by a United States court.

APPROVAL OF RESOLUTIONS

The Company’s articles provide that a quorum for the transaction of business at a meeting of shareholders is two persons present or who are represented by proxy. A simple majority of the votes cast at the Meeting (in person or by proxy) is required in order to pass the resolutions referred to in the accompanying Notice of Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company has an authorized capital of an unlimited number of common shares without par value. As at the date of this Circular, 17,025,256 common shares without par value were issued and outstanding, each such share carrying the right to one (1) vote at the Meeting. The Company has no other class of voting securities.

The directors of the Company have set the close of business on April 26, 2016 as the record date (the “Record Date”) for determining which shareholders shall be entitled to receive notice of and to vote at the Meeting. Only shareholders of record as of the Record Date shall be entitled to receive notice of and to vote at the Meeting, unless after the Record Date a shareholder transfers his or her common shares and the transferee (the “Transferee”), upon establishing that the Transferee owns such common shares, requests in writing, at least 10 days prior to the Meeting or any adjournments thereof, that the Transferee may have his or her name included on the list of shareholders entitled to vote at the Meeting, in which case, the Transferee is entitled to vote such shares at the Meeting. Such written request by the Transferee shall be sent to the Company’s

corporate secretary at the following address: Suite 110 – 2300 Carrington Road, West Kelowna, British Columbia, V4T 2N6.

To the knowledge of the directors and senior officers of the Company, there are no persons who beneficially own, directly or indirectly, or exercise control or direction over, voting securities carrying more than 10% of the voting rights attached to the voting securities of the Company.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Number and Election of Directors 2014 Annual General Meeting

The Board presently consists of five directors. Management is nominating five individuals to stand for election as directors at the Meeting. It is proposed that the number of directors to be elected at the **2014 Meeting** for the ensuing year be fixed at five.

The term of office of each of the present directors expires at the Meeting. Management of the Company proposes to nominate the persons named below for election as directors of the Company at the Meeting. In accordance with the Articles of the Company, each director elected will hold office until the next annual general meeting of the members of the Company or until their successor is duly elected or appointed, unless such office is earlier vacated in accordance with the Articles or such director becomes disqualified to act as a director pursuant to the British Columbia *Business Corporations*.

Except where authority to vote on the Election of Directors is withheld, unless otherwise indicated, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company.

The following table and notes thereto sets forth the name of each person proposed to be nominated by management for election as a director, the municipality in which he is ordinarily resident, all offices of the Company now held by him, the period of time for which he has been a director of the Company, and the number of Shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof:

Name and Address of Nominee and Present Position with Company	Principal Occupation During the Last Five Years	Director Since	Number of Approximate Voting Securities ¹
Lawrence Nagy British Columbia, Canada President & CEO Director	President of Golden Ridge Resources Ltd. (private company)	Oct. 24, 2013	1,159,806
William Lindqvist, Ph.D. ² California, USA Director	Consultant and Corporate Director	April 9, 2014	783,054
David Stone, Ph.D. ² Washington, USA COO, Director	Professional Engineer President, Minefill Services, Inc. (private mining engineering consulting company since August 1999)	Nov. 16, 2012	1,730,890
Jens Hansen Ontario, Canada Director	Professional Engineer, President and CEO of Beaufield Resources Inc.	Jan. 29, 2014	867,876
William Yeomans ² British Columbia, Canada Director	P.Geo, former President and CEO of Orefinders Resources Inc.	March 22, 2016	Nil

- 1 Voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised.
- 2 Denotes member of the audit committee.

Number and Election of Directors 2015 Annual General Meeting

The Board presently consists of five directors. Management is nominating five individuals to stand for election as directors at the Meeting. It is proposed that the number of directors to be elected at the **2015 Meeting** for the ensuing year be fixed at five.

The term of office of each of the present directors expires at the Meeting. Management of the Company proposes to nominate the persons named below for election as directors of the Company at the Meeting. In accordance with the Articles of the Company, each director elected will hold office until the next annual general meeting of the members of the Company or until their successor is duly elected or appointed, unless such office is earlier vacated in accordance with the Articles or such director becomes disqualified to act as a director pursuant to the British Columbia *Business Corporations*.

Except where authority to vote on the Election of Directors is withheld, unless otherwise indicated, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company.

The following table and notes thereto sets forth the name of each person proposed to be nominated by management for election as a director, the municipality in which he is ordinarily resident, all offices of the Company now held by him, the period of time for which he has been a director of the Company, and the number of Shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof:

Name and Address of Nominee and Present Position with Company	Principal Occupation During the Last Five Years	Director Since	Number of Approximate Voting Securities ¹
Lawrence Nagy British Columbia, Canada President & CEO Director	President of Golden Ridge Resources Ltd. (private company)	Oct. 24, 2013	1,159,806
William Lindqvist, Ph.D. ² California, USA Director	Consultant and Corporate Director	April 9, 2014	783,054
David Stone, Ph.D. ² Washington, USA COO, Director	Mining Engineer President, Minefill Services, Inc. (private mining engineering consulting company since August 1999)	Nov. 16, 2012	1,730,890
Jens Hansen Ontario, Canada Director	Mining Engineer, President and CEO of Beaufield Resources Inc.	Jan. 29, 2014	867,876
William Yeomans ² British Columbia, Canada Director	P.Geo, former President and CEO of Orefinders Resources Inc.	March 22, 2016	Nil

1 Voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised.

2 Denotes member of the audit committee.

Management is not presently aware that any of the nominees will be unwilling to serve as a director if elected but in the event that, prior to the Meeting, any vacancies occur in the slate of nominees submitted herewith, the enclosed form of proxy confers discretionary authority upon the persons named therein to vote for the election of any other eligible person designated by the Board, unless instructions have been given to refrain from voting with respect to the election of directors.

Corporate Cease Trade Orders, Bankruptcies, Penalties, Sanctions or Individual Bankruptcies

To the knowledge of the Company, no proposed director:

- a) is at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
 - (i) was subject, to a cease trade or similar order or an order that denied the relevant company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "Order"); when such Order was issued while the person was acting in the capacity of a director, chief executive office or chief financial officer of the relevant company; or
 - (ii) was subject to an Order for that was issued after such person ceased to be a director, chief executive officer or chief financial officer of the relevant company, and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive office or chief financial officer of the relevant company; or
- b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including Damara) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- d) has 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 agreement with a securities regulatory authority; or
- e) has been subject to any 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.

other than David M. R. Stone, who was a director of Adanac Molybdenum Corporation (TSX-V listed) from February 1, 2006 to July 14, 2008 and interim Chief Executive Officer from March 27 to July 14, 2008. On December 19, 2008, Adanac announced it had been granted creditor protection under the *Companies' Creditors Arrangement Act* (Canada). The protection order was terminated on March 3, 2011 and Adanac continues as a going concern.

The board of directors has not appointed an executive committee.

As Damara is a reporting company, the Company's directors are required to elect an audit committee from their number. **William Lindqvist, William Yeoman and David Stone** are the three directors to be elected by the board of directors of the Company to the audit committee for the ensuing year.

Appointment of Auditor

Smythe Ratcliffe LLP, Chartered Accountants, of Vancouver, British Columbia, will be nominated at the Meeting for re-appointment appointment as the Company's auditor to hold office until the next Annual General Meeting of the Shareholders, at a remuneration to be approved by the Audit Committee.

Ratification and Approval of Stock Option Plan

The Company has a rolling stock option plan (the "Plan"), which makes a total of 10% of the issued and outstanding shares of the Company available for issuance thereunder. The Company's Plan was approved by the shareholders at the last annual general meeting held on December 20, 2013. In accordance with policy 4.4 of the Exchange (the "Exchange"), all rolling stock option plans, such as the Company's requires the approval of the shareholders of the Company on an annual basis.

The purpose of the Plan is to allow Damara to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Damara. The granting of such options is intended to align the interests of such persons with that of the shareholders.

The Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting of options (including all options granted by the Company to date). The number of Common Shares which may be reserved in any 12 month period for issuance to any one individual upon exercise of all stock options held by that individual may not exceed 5% of the issued and outstanding Common Shares of the Company at the time of the grant. The number of Common Shares which may be reserved in any 12 month period for issuance to any one consultant may not exceed 2% of the issued and outstanding Common Shares and the maximum number of Common Shares which may be reserved in any 12 month period for issuance to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding Common Shares of the Company. The Plan provides that options granted to any person engaged in investor relations activities will vest in stages over 12 months with no more than ¼ of the stock options vesting in any three month period.

The Plan will be administered by the Board or a special committee of directors, either of which will have full and final authority with respect to the granting of all stock options thereunder. Stock options may be granted under the Plan to such directors, officers, employees or consultants of the Company, as the board of directors may from time to time designate.

The exercise price of any stock options granted under the Plan shall be determined by the Board, but may not be less than the market price of the Common Shares on the Exchange on the date of the grant (less any discount permissible under Exchange rules). The term of any stock options granted under the Plan shall be determined by the Board at the time of grant but, subject to earlier termination in the event of termination or in the event of death, the term of any stock options granted under the Plan may not exceed ten years. Options granted under the Plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. Subject to certain exceptions, in the event that a director or officer ceases to hold office, options granted to such director or officer under the Plan will expire 90 days after such director or officer ceases to hold office.

Subject to certain exceptions, in the event that an employee, or consultant ceases to act in that capacity in relation to the Company, stock options granted to such employee, consultant or management company employee under the Plan will expire 90 days after such individual or entity ceases to act in that capacity in relation to the Company.

Stock options granted to optionees engaged in investor relations activities on behalf of the Company expire 30 days after such optionees cease to perform such investor relations activities for the Company. In the event of death of an option holder, options granted under the Plan expire one year from the date of the death of the option holder.

The full text of the Plan will be available for review at the Meeting and will be supplied free of charge to Shareholders upon written request made directly to the Company at its registered head office located at 110 – 2300 Carrington Road, West Kelowna, BC, Canada, V4T 2N6, Attention: President and CEO.

Accordingly, at the Meeting, Damara shareholders will be asked to pass an ordinary resolution ratifying the Plan. All Damara shareholders present at the Meeting, whether in person or by proxy, will be entitled to vote on such resolution as follows:

Shareholder Approval of Stock Option Plan

“RESOLVED, as an ordinary resolution that:

1. the adoption of the Company’s Stock Option Plan be ratified, confirmed and approved, subject to acceptance by the Exchange;
2. the Company be authorized to grant stock options pursuant and subject to the terms and conditions of the Plan at any time to a maximum of 10% of the issued and outstanding shares of the Company on the applicable grant date;
3. the Board of Directors be authorized on behalf of the Company to make any amendments to the Stock Option Plan as may be required by regulatory authorities, without further approval of the Shareholders of the Company, in order to ensure adoption of the Stock Option Plan; and
4. any one or more directors and officers of the Company be authorized and directed to perform all such acts and deeds and things and execute, under seal of the Company or otherwise, all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions.”

Unless otherwise instructed, the person named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form in favour of the approval of the Plan. The directors of the Company recommend that shareholders vote in favour of the approval of the Plan. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast on the resolution.

STATEMENT OF EXECUTIVE AND DIRECTOR COMPENSATION

Unless otherwise noted the following information is for the Company’s last financial year (which ended July 31, 2015) and, since the Company had one or more subsidiaries during that year, is disclosed on a consolidated basis.

In the following information, a “**Named Executive Officer**” or “**NEO**” means each of the CEO and CFO of the Company and the three highest paid executive officers, if any, of the Company and any subsidiary serving at the end of the last financial year whose total individual compensation (excluding the value of any pension) was more than \$150,000 in the last financial year (including any CEO, CFO and executive officer that held such position for only a part of the last financial year).

Compensation, Philosophy and Objectives

The Company currently does not have a compensation committee. Executive compensation is considered by the members of the Board who review proposed compensation and determine if it is competitive with similar mineral resource exploration companies and whether it recognizes and rewards executive performance consistent with the success of the Company’s business. The aim is to attract and retain capable and experienced people. It is the Company’s philosophy to ensure that compensation goals and objectives, as applied to actual compensation paid to the Company’s CEO and other executive officers, are aligned with the Company’s overall business objectives and with shareholder interests.

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

In keeping with the relatively simple compensation structure adopted by most venture issuers, the Company’s executive compensation for its executive officers has two primary components, *per diem* remuneration and incentive stock options.

Option-based awards

The Company currently has a Plan as described hereinabove for the purpose of attracting and motivating

directors, officers, employees and consultants of the Company and advancing the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Plan to purchase shares of the Company.

The Plan will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Company takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange, and closely align the interests of the executive officers with the interests of shareholders.

Compensation Risk Assessment and Mitigation

Although the Company does not have formal policies specifically targeting risk-taking in a compensation context, the practice of management and the Board is to consider all factors relating to an executive officer's performance, including any risk mitigation efforts or excessive risk-taking, in determining compensation.

Under the Company's policies, executive officers and directors are not permitted to purchase financial instruments (including prepaid variable contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly by the executive officer or director.

Summary Compensation Table

During the financial year ended July 31, 2015, the Company had two Named Executive Officers ("NEO") being:

- a) Lawrence Nagy, the Chief Executive Officer ("CEO") of the Company; and
- b) Terese Gieselman, the Chief Financial Officer ("CFO") of the Company.

"Named Executive Officer" means: (a) each Chief Executive Officer, (b) each Chief Financial Officer, (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

The following table sets forth particulars concerning the compensation of NEO's for the Company's financial year ended July 31, 2015:

Name and Principal Position	Year	Salary (\$)	Share Based Awards (\$)	Option Based Awards (\$) ¹	Non-equity incentive plan compensation (#)		Pension Value (\$)	All other Compensation (\$)	Total Compensation (\$) ²
					Annual Incentive Plans	Long-term Incentive Plans			
Lawrence Nagy CEO ³	2015	60,000	Nil	Nil	Nil	Nil	Nil	Nil	60,000
	2014	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
David Stone, Former CEO ⁴	2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2013	15,000	Nil	9,420	Nil	Nil	Nil	Nil	24,420
Terese Gieselman ⁵	2015	23,808	Nil	Nil	Nil	Nil	Nil	Nil	23,808
	2014	14,320	Nil	Nil	Nil	Nil	Nil	Nil	14,320
	2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Paul Maarschalk ⁶	2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2013	63,283	Nil	6,280	Nil	Nil	Nil	Nil	69,563

1 The amount is based on the grant date fair value of the award using the Black-Scholes pricing model which is the valuation methodology used by the Company in accordance with Section 3870 of the CICA Handbook. The options granted to the NEO's are fully vested at the date of grant.

- 2 During the NEO's engagement, the Company reimburses the NEO for all travel and other expenses actually, properly and necessarily incurred by the NEO in connection with the NEO's duties in accordance with the policies set from time to time by the Company, in its sole discretion. The NEO is required to furnish such receipts, vouchers or other evidence as are required by the Company to substantiate such expenses. Such reimbursements are excluded from the "Total Compensation".
- 3 These amounts represent consulting fees paid to 43983 Yukon Inc. a company, controlled by Lawrence Nagy, which provided management and geological services to the Company. Lawrence Nagy was appointed President and CEO on August 5, 2014.
- 4 Dave Stone resigned as President and CEO on August 5, 2014.
- 5 These amounts represent consulting fees paid to Minco Corporate Management Inc. ("Minco") a company controlled by Terese Gieselman, CFO, which provided management and financial reporting services to the Company. Terese Gieselman was appointed CFO on January 29, 2014.
- 6 Paul Maarschalk resigned as CFO on January 29, 2014.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

There were no outstanding share-based and option based awards as at July 31, 2015 or July 31, 2014 including any grants to NEO in prior years.

Incentive Plan Awards - Value Vested or Earned During the Year

There were no share-based or option based awards vested or to be vested as at July 31, 2015 or July 31, 2014 for NEO's.

Director Compensation

The Company does not currently pay compensation to non-management directors, nor are they paid for attendance at board meetings. The directors are reimbursed for expenses occurred in carrying out their duties as directors and are granted stock options.

The Company has a formalized stock option plan for the granting of incentive stock options to the officers, employees and directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

No share-based payment or option based payments were made to any directors during the year ended July 31, 2015 or July 31, 2014.

Outstanding Share-Based and Option-Based Awards

- 1 There were no outstanding share-based and option based awards as at July 31, 2015 or July 31, 2014 including any grants to NEO in prior years.

Value Vested or Earned During the Year

There were no share-based or option based awards vested or to be vested as at July 31, 2015 or July 31, 2014 for NEO's.

Pension Plan Benefits

The Company has no pension plans that provide for payments or benefits to any NEO at, following or in connection with retirement. The Company also does not have any deferred compensation plans relating to any NEO.

Termination and Change of Control Benefits

The Company does not have any pension or retirement plan which is applicable to the NEO's. The Company has not provided compensation, monetary or otherwise, during the most recently completed financial year, to any person who now or previously has acted as an NEO of the Company, in connection with or related to the retirement, termination or resignation of such person, and the Company has provided no compensation to any such person as a result of a change of control of the Company. The Company is not party to any

compensation plan or arrangement with an NEO resulting from the resignation, retirement or termination of employment of any such person.

There are no compensatory plans or arrangements between the Company and an NEO with respect to the resignation, retirement or other termination of employment of the NEO, a change of control of the Company or a change in the NEO's responsibilities following a change of control of the Company involving an amount, including all periodic payments or installments, exceeding \$100,000.

MANAGEMENT CONTRACTS

No management functions of the Company are performed to any substantial degree by a person other than the Board or NEO's of the Company.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth as at the year ended July 31, 2015, the number of securities authorized for issuance under the Company's Plan which was approved by the shareholders of the Company at the last annual general meeting:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	36,000	\$1.11	557,849
Equity compensation plans not approved by security holders	—	—	—
Total	36,000	\$1.11	557,849

NOTES:

1. The above numbers are based on 10% of the issued and outstanding shares of 5,938,486 as at July 31, 2015.

The Company's stock option plan provides that the maximum number of options eligible for issuance under the stock option plan is equal to 10% of the number of common shares of the Company outstanding from time to time. As required by the policies of the Exchange this plan requires approval by the shareholders of the Company on an annual basis, which will be sought at the Meeting. Refer to "Particulars of Other Matters to be Acted Upon – Ratification and Approval of Stock Option Plan" for further details.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS

As at the date hereof, no director or executive officer of the Company, no proposed nominee for election as a director of the Company, no associate of any such director, executive officer or proposed nominee (including companies controlled by them), no employee of the Company or any of its subsidiaries, and no former executive officer, director or employee of the Company or any of its subsidiaries, is indebted to the Company or any of its subsidiaries (other than for "routine indebtedness" as defined under applicable securities legislation) or is indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein or as previously disclosed in an information circular of the Company, no informed person (i.e. insider) of the Company, no proposed director of the Company, and no associate or affiliate of any informed person or proposed director has had any material interest, direct or indirect, in any transaction since April 1, 2014 or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

INFORMATION ON CORPORATE GOVERNANCE

The following information of the Company's Corporate Governance Policy is given in accordance with Form 58-101F2 of National Instrument 58-101.

Board of Directors

The Board is currently composed of five (5) directors, and it is proposed that five (5) directors will be nominated at the Meeting.

Form 58-101F2 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under NI 58-101, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. "Material relationship" is defined as a relationship which could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

Of the proposed nominees, two (2) nominees, Lawrence Nagy and David Stone, are considered "not independent". Lawrence Nagy is the current President and CEO and David Stone is the current COO and both are considered "inside" or management directors. Each of the remaining three (3) proposed directors are considered by the Board to be "independent", within the meaning of NI 58-101. In assessing Form 58-101F2 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

Directorships

The following table sets forth the directors of the Company who currently hold directorships on other reporting issuers:

Name of Director	Other Issuer
Jens Hansen	Beaufield Resources Inc.
Lawrence Nagy	Colorado Resources Ltd.
William Lindqvist	Colorado Resources Ltd.
David Stone	Formation Metals Inc., Hillcrest Resources Ltd., Inc. and Superior Mining International Corporation

Orientation and Continuing Education

The Board does not have a formal orientation and education program for new directors. Upon joining the Board, each director is provided with an orientation program regarding the role of the Board, its committees and its directors, and the nature and operation of the Company's current and past business. They are also provided with a copy of the audit committee charter. The Board encourages directors to participate in continuing education opportunities in order to ensure that the directors may maintain or enhance their skills and abilities as directors, and maintain a current and thorough understanding of the Company's business.

Ethical Business Conduct

As part of its responsibility for the stewardship of the Company, the Board seeks to foster a culture of ethical conduct by striving to ensure the Company carries out its business in line with high business and moral standards and applicable legal and financial requirements. In that regard, the Board:

- has adopted a Code of Conduct setting out the guidelines for the conduct expected from directors, officers and employees of the Company. A copy of the Code has been filed on SEDAR (see 'Additional Information' at the end of this Circular). Compliance with the Code is achieved as follows. Each director is responsible for ensuring that they individually comply with the terms of the Code, while the Board is responsible for ensuring that the directors, as a group, and all officers comply with the Code and the executive officers of the Company are responsible for ensuring compliance with the Code by employees.
- has established a written 'Whistleblower Policy' which details complaint procedures for financial concerns as further described below in 'Audit Committee – Complaints'.

- encourages management to consult with legal and financial advisors to ensure the Company is meeting those requirements.
- is cognizant of the Company's timely disclosure obligations and reviews material disclosure documents such as financial statements, Management's Discussion and Analysis ("**MDA**") and press releases prior to distribution.
- actively monitors the Company's compliance with the Board's directives and ensures that all material transactions are reviewed and authorized by the Board before being undertaken by management.

In addition, the Board must comply with the conflict of interest provisions of its governing corporate legislation and relevant securities regulatory instruments and stock exchange policies (which require that interested directors recuse themselves from the consideration of, and voting on, such matters), to ensure its directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

The Board has not established a nominating committee. In circumstances where the Company needs to nominate new directors, current directors put forward candidates to the Board for consideration and potential nomination as a director.

Compensation

The Company has not yet established a compensation committee and to date, decisions regarding compensation for the directors and the executive officers have been made by the Board as a whole.

Other Board Committees

The Company has no committees other than the audit committee. The Company is small and until now the duties of the recommended committees have been performed by the plenary Board. Going forward, upon the expansion in the size of the Board, the Board will review its corporate governance practices and consider, among other matters, whether it would be desirable to establish additional committees of the Board.

Assessments

The Board has not established any formal procedures for regularly assessing its performance, including that of its committees and individual directors. Generally, those responsibilities have been carried out on an informal basis by each director based on the director's assessment of the performance of the Board, its committees or the individual directors compared to his expectations. In doing so, the contributions of an individual director are informally monitored in light of the business strengths of the individual and the purpose of originally nominating the individual to the Board. Furthermore, it is the view of the Board that, in light of its small size and the close and open relationship among its members, the formality of a committee would not be as effective as the current arrangement and is unnecessary.

DISCLOSURE BY VENTURE ISSUERS

NI 52-110F2 requires the Company as a 'venture issuer' to disclose annually in its information circular the following information concerning the audit committee and its relationship with its independent auditors.

Audit Committee Charter

The audit committee is governed by its charter, which is set out in the attached Schedule "A" of this Circular.

Composition of the Audit Committee

A member of the audit committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of an issuer's board of directors, reasonably interfere with the exercise of a member's independent judgment, or is one of the relationships that is deemed material, which are described above under *Board of Directors*.

A member of the audit committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The current members of the audit committee are William Lindqvist, William Yeomans and David Stone. All members of the audit committee are financially literate, and Mr. Lindqvist and Mr. Yeomans are considered independent. Mr. Stone is non-independent as he holds a management position as COO. The Board does not believe this to interfere with the Mr. Stone's ability to exercise his independent judgement.

Relevant Education and Experience

William Lindqvist, Ph.D served as Vice President of Exploration for Homestake Mining Company and the Executive General Manager of Exploration for Newcrest Mining Limited. Mr. Lindqvist has a Ph.D in Applied Geology from the Royal School of Mines in London and is a member of SEG and AIME.

William Yeomans, B.Sc. (Geology) possesses over 30 years of mineral exploration experience including 14 years managing advanced projects in South America with a focus on gold exploration in Guyana, Suriname and Brazil. Mr. Yeomans served as the President and CEO of Orefinders Resources Ltd. and has also held senior management and directorships with several listed junior mining companies.

David Stone, Ph.D. is the current and former director and officer of, and investor in, various publicly traded mineral exploration companies and President and owner of mining consulting company during the course of which he has reviewed and analyzed numerous financial statements.

Audit Committee Oversight

At no time since the commencement of the Company'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 Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in section III.B 'Powers and Responsibilities – Performance & Completion by Auditor of its Work' of the Charter.

External Auditor Service Fees (By Category)

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

Financial Year Ending	Audit Fees ¹	Audit Related Fees ²	Tax Fees ³	All Other Fees ⁴
July 31, 2015	\$13,000	—	\$2,000	—
July 31, 2014	\$13,000	—	\$2,000	—

¹ The Audit Fees are fees billed by the Company's external auditor for services provided in auditing the annual financial statements.

² Audit Related Fees are fees billed for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements.

³ Tax Fees are fees billed by the external auditor for tax compliance, tax advice and planning.

⁴ All Other Fees are fees billed by the external auditor for products and services not included in the categories described above.

Exemption for Venture Issuers

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption contained in Section 6.1 of NI 52-110, which exempts the Company from the requirements of Parts 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Complaints

The Audit Committee has established a written 'Whistleblower Policy' which creates procedures for the confidential and anonymous submission by employees of complaints and concerns regarding the Company's accounting, auditing and financial reporting procedures and obligations, without fear of retaliation of any kind.

The Policy provides that if an employee has any information, complaints or concerns regarding such matters being questionable, incorrect, misleading or fraudulent they are urged under the Policy to present such information, complaints or concerns to the Audit Committee, without regard to the position of the persons responsible for the subject matter of the information, complaint or concern. Promptly following the receipt of any information, complaints and concerns submitted to it, the Audit Committee will investigate each matter and take appropriate corrective actions.

The Audit Committee will retain as part of its records, any information, complaints or concerns received. Furthermore, it will keep a written record of all such reports or inquiries and make quarterly reports on any ongoing investigation which will include steps taken to satisfactorily address each complaint.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

ADDITIONAL INFORMATION

Additional information relating to the Company is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at www.sedar.com. Comparative financial information on the Company for the year ended July 31, 2015 and July 31, 2014, together with the auditors' report thereon and management discussion and analysis of the Company will be presented at the Meeting and which can also be accessed at www.sedar.com. Shareholders may request copies of the Company's financial statements and MD&A by contacting the Company at Suite 110 - 2300 Carrington Road, West Kelowna, British Columbia, V4T 2N6.

BOARD APPROVAL

The content and sending of this Circular has been approved by the Company's Board. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED at Kelowna, British Columbia, this 27th day of April, 2016

BY THE ORDER OF THE BOARD OF DIRECTORS

"Lawrence Nagy"

**Lawrence Nagy
President and Chief Executive Officer**

SCHEDULE "A"

DAMARA RESOURCES LTD. (the "Company")

AUDIT COMMITTEE'S CHARTER

I. MANDATE

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Solomon Resources Limited (the "**Company**") shall assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

- 1 The quality and integrity of the Company's financial statements and other financial information;
 - 2 The compliance of such statements and information with legal and regulatory requirements;
 - 3 The qualifications and independence of the Company's independent external auditor (the "**Auditor**");
- and
- 4 The performance of the Company's internal accounting procedures and Auditor.

II. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more members.

B. Qualifications

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee shall not be officers or employees of the Company or of an affiliate of the Company.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement.

C. Appointment and Removal

In accordance with the Articles of the Company, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Sub-Committees

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

F. Meetings

The Committee shall meet at least four times in each fiscal year, or more frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

II. **DUTIES**

A. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

- 1 Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company, consistent with Independence Standards Board Standard 1.
- 2 Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
- 3 Require the Auditor to report directly to the Committee.
- 4 Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

Performance & Completion by Auditor of its Work

5. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
6. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor.
7. Pre-approve all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed for the Company by the Auditor unless such non-audit services:
 - (a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of revenues paid by the Company to the Auditor during the fiscal year in which the non-audit services are provided;
 - (b) were not recognized by the Company at the time of the engagement to be non-audit services; and
 - (c) are promptly brought to the attention of the Committee by the Company 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 to whom authority to grant such approvals has been delegated by the Committee.

Internal Financial Controls & Operations of the Company

8. Establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission (b) by employees of the Company of concerns regarding questionable accounting or auditing matters.

Preparation of Financial Statements

9. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
10. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
11. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
12. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
13. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:
 - (a) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.
 - (b) The management inquiry letter provided by the Auditor and the Company's response to that letter.
 - (c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Company

15. Review the Company's annual and quarterly financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.

16. Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.

17. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Manner of Carrying Out its Mandate

18. Consult with the Auditor, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

19. Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

20. Meet with management, any internal auditor and the Auditor in separate executive sessions at least quarterly.

21. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.

22. Make regular reports to the Board.

23. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

24. Annually review the Committee's own performance.

25. Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.

26. Not delegate these responsibilities other than to one or more independent members of the Committee the authority to pre-approve, which the Committee must ratify at its next meeting, non-audit services to be provided by the Auditor.

F. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.