

**KILO GOLDMINES LTD.
INFORMATION CIRCULAR**

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation by the Management of Kilo Goldmines Ltd (the “**Corporation**”) of proxies to be used at the annual meeting of shareholders of the Corporation (the “**Meeting**”) to be held at 141 Adelaide Street West, Suite 1200, Toronto, Ontario on Thursday the 7th of March 2013, at 1:00 p.m. (Toronto time) and at any adjournment thereof. Unless otherwise specified, information contained in this Circular is dated as at January 25, 2013.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The enclosed form of proxy is solicited by Management. It is expected that the solicitation will be primarily by mail but proxies may also be solicited personally or by telephone by employees of the Corporation, at nominal cost. The entire cost of solicitation will be borne by the Corporation.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers or directors of the Corporation. **A shareholder has the right to appoint a person other than the persons designated in the enclosed form of proxy to represent such shareholder at the Meeting.** The shareholder may do so either by inserting such person's name, who need not be a shareholder of the Corporation, in the blank space provided in the enclosed form of proxy and striking the names of the persons specified or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the transfer agent and registrar of the Corporation, Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of holding the Meeting or any adjournment thereof at which the proxy is to be used.

A proxy given pursuant to this solicitation may be revoked (a) by instrument in writing executed by the shareholder or by his/her attorney authorized in writing, and deposited either (i) at the registered office of the Corporation, 141 Adelaide Street West, Suite 1200, Toronto, Ontario, M5H 3L5, or (ii) to the transfer agent and registrar of the Corporation, Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or (iii) with the Chairman of the Meeting on the day of the Meeting, or adjournment thereof, or (b) in any other manner permitted by law. If the shareholder is a corporation, any such instrument of revocation shall be executed by a duly authorized officer or attorney thereof.

Voting of Proxies

The persons named in the enclosed form of proxy will vote or withhold from voting the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. In the absence of such direction, such shares will be voted FOR each of the matters to be acted upon herein. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to any amendments or variations to matters identified in the notice of meeting, or other matters which may properly come before the Meeting. At the date of this Circular, Management knows of no such amendments, variations or other matters to come before the Meeting.

Voting by Non-Registered Shareholders

Only registered shareholders or duly appointed proxy holders are permitted to vote at the Meeting. Most shareholders of the Corporation are "non-registered" shareholders because the common shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the common shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the "**Non-Registered Holder**") but which are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others,

banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "NOBO's". Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as "OBO's".

In accordance with *National Instrument 54-101- Communications with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation will directly deliver proxy-related materials to NOBO's who have not waived the right to receive them. **By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed the responsibility for (i) delivering these material to you, and (ii) executing your proper voting instructions.** As a result, NOBO's can expect to receive a form of proxy which is to be completed and returned to the Corporation's transfer agent and registrar, who will tabulate the results received from NOBO's and provide appropriate voting instructions at the Meeting with respect to those results.

The Intermediaries (or their service companies) are responsible for forwarding the proxy related materials to each OBO, unless the OBO has waived the right to receive them.

Meeting material sent to Non-Registered Holders who have not waived the right to receive proxy related materials are accompanied by a request for voting instructions ("VIF"). This form is instead of a proxy. Detailed instructions of how to submit your vote will be on the VIF.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of their shares which they beneficially own. Should a Non-Registered Holder who receives a form of proxy or a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder or his/her nominee the right to attend and vote at the Meeting. Non-Registered Holders who receive a VIF from an Intermediary should carefully follow the instructions of their Intermediaries including those regarding when and where the VIF ids to be delivered.

These proxy related materials are being sent to both registered shareholders and Non-Registered Shareholders. If you are a Non-Registered Shareholders and the Corporation has sent these proxy related materials directly to you, your name, address and information about your holding of common shares have been obtained in accordance with applicable securities requirements from the Intermediary on your behalf.

VOTING SECURITIES AND PRINCIPAL HOLDER THEREOF

The authorized share capital of the Corporation consists of an unlimited number of common shares without par value carrying the right to one vote per share at all meetings of shareholders of the Corporation. As of the date hereof, the Corporation had issued and outstanding 218,849,978 common shares.

The Corporation has fixed January 29, 2013 as the record date for the notice of meeting (the "**Record Date**"). Each holder of common shares at the Record Date will be given notice of the Meeting and will be entitled to vote in accordance with the number of common shares so held on the Record Date.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof, the following are the only persons who beneficially own or exercise control or direction, directly or indirectly, over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation entitled to be voted at the Meeting:

<u>Name of Shareholder</u>	<u>Common Shares Controlled or Directed</u>	<u>% of Outstanding Common Shares</u>
Libra Advisors, LLC	26,860,000 Common Shares	12.3%
Altus Resource Capital Ltd.	24,052,800 Common Shares	11%

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Under applicable Canadian securities legislation, the Corporation is required to provide disclosure of compensation received by each “Named Executive Officer” or “NEO” of the Corporation for the three most recently completed financial years. “Named Executive Officer” or “NEO” is defined by the legislation to mean (i) a Chief Executive Officer (ii) a Chief Financial Officer and (ii) each of the Corporation’s three most highly compensated executive officers (including any of its subsidiaries) or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year and whose total compensation exceeds \$150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was neither an executive officer of the Corporation (or its subsidiaries) nor acting in a similar capacity, at the end of the most recently completed financial year..

Background

The Corporation is an exploration stage company engaged in the acquisition, exploration and development of properties prospective for gold in the Democratic Republic of Congo (the "DRC"). The Corporation has no commercial operations and does not currently earn any operating revenues from its mineral properties.

Overview

The Compensation, Governance and Nominating Committee, composed exclusively of independent directors, is responsible for assisting the Board of Directors for setting the overall compensation strategy of the Corporation and for evaluating and approving the compensation of directors and executive officers including the Named Executive Officers. Base salary, incentive and long-term compensation for the Corporation’s NEO’s is annually reviewed to determine if the compensation package continues to be appropriate or if any modifications are required. Factors considered by the Board of Directors in establishing suitable compensation packages for its NEO’s include, the early stage of development of the Corporation and financial resources available to the Corporation, competitive factors and the time committed by the Named Executive Officers to the affairs of the Corporation.

Objectives of Compensation Program

The Corporation’s compensation program is designed to attract and retain highly qualified executives and to link incentive compensation to performance and shareholder value. It is the goal of the Board of Directors with the assistance and recommendation of the Compensation, Governance and Nominating Committee to ensure that the compensation of executive officers is sufficiently competitive when compared to those offered by employers carrying on business in similar sectors. When determining the compensation of the Corporation NEO’s, the Board of Directors considers the limited resources of the Corporation and the objectives of: (i) recruiting and retaining the executives critical to the success of the Corporation and enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the

interests of Management and shareholders of the Corporation; and (iv) rewarding performance, both on an individual basis and with respect to the business in general.

Elements of the Compensation Program

The Corporation's compensation program comprises of a (i) base salary and (ii) long term incentive. Each component of the executive compensation program is designed to achieve the objectives of the Corporation's compensation program with the overall purpose being to attract and retain competent and devoted persons who will ensure the long term success of the Corporation.

Base Salary

Salaries of the NEO's are not determined based on a specific formula. As stated above, base salaries are established to be competitive in order to attract and retain highly qualified executives.

Long Term Incentive-Option Based Award

The Board of Directors provides long term incentives to its NEO's pursuant to the Corporation's Incentive Stock Option (the "**Stock Option Plan**" or the "**Plan**") and is committed to the principles of tying compensation to performance and ensuring that employees have a stake in the Corporation's growth. The Stock Option Plan is designed to develop the interest of the participants, including the Named Executive Officers, in the growth and development of the Corporation by providing them with the opportunity, through stock options, to acquire an increased proprietary interest in the Corporation and to retain them on a long-term basis.

The Compensation, Governance and Nominating Committee reviews on a regular basis, the need to amend the Stock Option Plan and will recommend as the case may be, any amendment considered appropriate and desired, to the Board of Directors.

The number of options to be granted to a Named Executive officer will be determined by taking into consideration corporate and individual performance and previous grants of option-based awards.

Compensation Governance

The Corporation has a Compensation, Governance and Nominating Committee responsible for assisting the Board of Directors with among others, the selection, retention and compensation of senior management as well as the size, composition, structure and compensation of the Board and its committees. The Committee will also review and monitor executive development programs, including training and retention programs for members of senior management and the practices to evaluate them. The Compensation, Governance and Nominating Committee will regularly report to the Board on all significant matters it has addressed and that are within its responsibilities.

For the year ended September 30, 2012, the Compensation, Governance and Nominating Committee was composed of David Netherway (Chair), Jim Mustard and Loudon Owen, each an independent director. Each member has (i) a relevant educational and professional background through among others, their extensive experience in acting as senior officer or consultant in various corporations and in sitting on boards of various public companies and (ii) the skills and experience to enable the Committee to make decisions on the suitability of the Corporation's compensation policies and practices. More information about the Committee members may be found under "*Election of Directors*" and "*Audit Committee-Composition of the Audit Committee-Relevant Education and Experience*".

No compensation consultant or advisor was retained since the Corporation's most recently completed financial year to assist the Board of Directors or the Compensation, Governance and Nominating Committee in determining compensation for any of the Corporation's directors or officers.

Summary Compensation Table

The following table discloses, for each NEO, the total compensation paid during the three most recently completed financial years.

Name and principal position	Fiscal Year	Salary (\$)	Share based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽¹⁾	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Alex van Hoeken ⁽²⁾ President & Chief Executive Officer	2012	240,000	Nil	Nil	Nil	Nil	Nil	Nil	240,000
	2011	\$20,000	Nil	800,000 ⁽³⁾	Nil	Nil	Nil	Nil	820,000
Peter Hooper ⁽⁴⁾ Executive Chairman	2012	Nil	Nil	Nil	Nil	Nil	Nil	50,000 ⁽⁵⁾	50,000
	2011	219,000 ⁽⁵⁾	Nil	62,500 ⁽⁶⁾⁽¹²⁾	Nil	Nil	Nil	240,000 ⁽⁷⁾	459,000
	2010	245,538 ⁽⁵⁾		374,000 ⁽⁶⁾⁽⁸⁾	Nil	Nil	Nil	Nil	619,538
Klaus Eckhof ⁽¹⁰⁾ President & Chief Executive Officer	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	187,500	Nil	62,500 ⁽⁶⁾⁽¹²⁾	Nil	Nil	Nil	120,000 ⁽⁷⁾	305,700
	2010	250,000	Nil	595,000 ⁽⁸⁾	Nil	Nil	Nil	Nil	845,000
Stuart Thomson ⁽¹³⁾ Vice President, Operations	2012	133,340	Nil	42,000 ⁽¹⁴⁾	Nil	Nil	Nil	Nil	174,340
Philip Gibbs ⁽¹¹⁾ Chief Financial Officer	2012	134,000	Nil	45,800	Nil	Nil	Nil	Nil	179,800
	2011	107,500	Nil	100,000 ⁽¹²⁾	Nil	Nil	Nil	Nil	207,500
	2010	52,500	Nil	Nil	Nil	Nil	Nil	Nil	52,500

- (1) Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of the total annual salary for each of the Named Executive Officers.
- (2) Appointed as Chief Executive Officer on September 1, 2011.
- (3) Options to acquire common shares. The value of the option-based award is calculated using the grant date fair value multiplied by the number of options granted. The grant date fair value for each option has been calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk-free interest rate of 0.9%; volatility of 119%; expected dividend yield of Nil; and expected option life of 5 years.
- (4) Served as Chief Executive Officer from March 20, 2009 until appointment as Executive Chairman on July 10, 2009. Ceased to serve as Executive Chairman on July 7, 2011. Appointed as Interim Chief Executive Officer on July 7, 2011 and served until September 1, 2011.
- (5) Paid to Hooper Mining Services Inc., a corporation controlled by Mr. Hooper.
- (6) These options were subsequently surrendered for cancellation in connection with termination arrangements. See "Termination and Change of Control Benefits" below.

- (7) Termination payments.
- (8) Options to acquire common shares. The value of the option-based award is calculated using the grant date fair value multiplied by the number of options granted. The grant date fair value for each option has been calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk-free interest rate of 1.0%; volatility of 100%; expected dividend yield of Nil; and expected option life of 5 years.
- (9) Discretionary cash bonus.
- (10) Appointed as Chief Executive Officer on July 10, 2009 and served until July 7, 2011.
- (11) Appointed as Chief Financial Officer on March 1, 2010.
- (12) Options to acquire common shares. The value of the option-based award is calculated using the grant date fair value multiplied by the number of options granted. The grant date fair value for each option has been calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk-free interest rate of 1.39%; volatility of 120%; expected dividend yield of Nil; and expected option life of 5 years.
- (13) Appointed as Vice President, Operations on January 15, 2012.
- (14) Options to acquire common shares. The value of the option-based award is calculated using the grant date fair value multiplied by the number of options granted. The grant date fair value for each option has been calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk-free interest rate of 2.0; volatility of 117%; expected dividend yield of Nil; and expected option life of 3 years.

Incentive Plan Awards

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

The following table discloses, for each NEO, all of the share-based and option-based award grants outstanding at the end of the most recently completed financial year ended September 30, 2012.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Options expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Alex van Hoeken	5,000,000	0.20	September 1, 2016	Nil	Nil	Nil
Peter Hooper	Nil	N/A	N/A	N/A	Nil	N/A
Klaus Eckhof	Nil	N/A	N/A	N/A	Nil	N/A
Philip Gibbs	400,000	0.30	November 19, 2015	Nil	Nil	Nil
	300,000	0.22	March 21, 2015	Nil	Nil	Nil
Stuart Thomson	300,000	0.20	January 15, 2015	Nil	Nil	Nil

(1) Based on the closing price of the common shares on the TSX Venture Exchange of \$0.12 on September 30, 2012 less the exercise price in respect of such options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table discloses, for each NEO, the value vested or earned during the most recently completed financial year ended September 30, 2012 in respect of option-based awards, share-based awards and non-equity incentive plan compensation.

Name	Option-based Awards Value vested during the year (\$)	Share-based Awards Value vested during the year (\$)	Non-equity incentive plan compensation Value earned during the year (\$)
Alex van Hoeken	\$Nil	Nil	Nil
Peter Hooper	\$Nil	Nil	Nil
Klaus Eckhof	\$Nil	Nil	Nil
Philip Gibbs	\$Nil	Nil	Nil
Stuart Thomson	\$Nil	Nil	Nil

- (1) Based on the closing price of the common shares on the TSX Venture Exchange on the most recent trading dates prior to the vesting date of the options less the exercise price in respect of such options.

Pension Plan Benefits

The Corporation has no pension or retirement plans in place.

Termination and Change of Control Benefits

The Van Hoeken Employment Agreement

The Corporation has entered into an employment agreement dated July 20, 2011 with Mr. Alex van Hoeken for the provision of his services as President and Chief Executive Officer of the Corporation (the "**Van Hoeken Employment Agreement**"). The van Hoeken Employment Agreement provides for compensation of \$240,000 per annum payable monthly. Subject to any required regulatory and shareholder approvals, Mr. van Hoeken is also eligible to participate in the Stock Option Plan in the discretion of the Board of Directors and was granted 5,000,000 options on commencement of employment exercisable at a price of \$0.20 per share for a five year period. The van Hoeken Employment Agreement commenced on September 1, 2011 and continues for three years unless it is terminated. The agreement may be terminated by the Corporation for material breach or by either party upon at least three months prior written notice or, in the case of the Corporation, payment in lieu thereof. The agreement may also be terminated by either party following a change of control in which case Mr. Van Hoeken would be entitled to a lump-sum payment equal to one times his annual salary (\$240,000) and, following one year of service, two times his annual salary (\$480,000).

The Thomson Employment Agreement

The Corporation has entered into an employment agreement dated December 12, 2011 with Mr. Stuart Thomson for the provision of his services as Vice President Operations of the Corporation (the "**Thomson Employment Agreement**"). The Thomson Employment Agreement provides for compensation of US\$200,000 per annum payable monthly. Subject to any required regulatory and shareholder approvals, Mr. Thomson is also eligible to participate in the Stock Option Plan in the discretion of the Board of Directors and was granted 300,000 options on commencement of employment exercisable at a price of \$0.20 per share for a three year period. The Thomson Employment Agreement commenced on January 15, 2012 and continues for three years unless it is terminated. The agreement may be terminated by the Corporation for material

breach or by either party upon at least three months prior written notice or, in the case of the Corporation, payment in lieu thereof.

The Gibbs Consulting Agreement

The Corporation has entered into a consulting agreement dated as of March 1, 2011 with 1765271 Ontario Inc., a company controlled by Mr. Philip Gibbs, for the provision of his services as Chief Financial Officer of the Corporation (the "**Gibbs Consulting Agreement**"). The Gibbs Consulting Agreement provides for compensation of \$10,000 per month plus applicable taxes for the period March 1, 2011 to February 28, 2012, and \$12,000 per month plus applicable taxes for the period March 1, 2012 to February 28, 2013, based on the provision of services for the equivalent of eight (8) full working days in each month. Subject to any required regulatory and shareholder approvals, Mr. Gibbs is also eligible to participate in the Stock Option Plan in the discretion of the Board of Directors. The Gibbs Consulting Agreement commenced on March 1, 2011 and continues for successive 12-month periods until it is terminated. The agreement may be terminated by the Corporation for just cause or upon at least 60 days written notice prior to the expiry of the initial or any successive 12-month contract period provided that a lump-sum payment equal to 18 times the monthly fee must be paid if terminated following a change of control (as defined). The agreement may be terminated by the consultant for good reason (as defined) following a change of control in which case the consultant is entitled to a lump-sum payment equal to 18 times the monthly fee payable (\$216,000) immediately prior to the change of control.

The Netherway Agreement

The Corporation has entered into an agreement dated July 6, 2011 with David Netherway governing his service as Non-executive director of the Corporation (the "**Netherway Agreement**"). The Netherway Agreement provides for compensation of \$100,000 per annum payable monthly subject to annual review by the Board. Subject to any required regulatory and shareholder approvals, Mr. Netherway is also eligible to participate in the Stock Option Plan of the Corporation, in the discretion of the Board of Directors and was granted 5,000,000 options on commencement of service exercisable at a price of \$0.20 per share for a five year period. Mr. Netherway has agreed to resign as a director in certain events, including serious or repeated breach of obligations to the Corporation, being found guilty of fraud or misconduct, bankruptcy or insolvency, being sanctioned by a securities regulatory authority and being disqualified from acting as a director. The Netherway agreement may be terminated by Mr. Netherway following a change of control in which case he is entitled to a lump-sum payment equal to two times his then current annual fee (\$200,000).

Other than described above, the Corporation does not have in place any compensatory plan or arrangement with any Named Executive Officer that would be triggered by the resignation, retirement or other termination of employment of such officer, from a change of control of the Corporation or a change in the executive officer's responsibilities following any such change of control.

For illustrative purposes, if the Named Executive Officer had been terminated without cause on September 30, 2012, the following amounts would have been payable:

Name	Aggregate amount payable for base salary	Aggregate amount payable for bonus	Aggregate amount payable for perquisites and benefits	Option-based awards – Value vested	Total
Alex van Hoeken <i>President & CEO</i>	\$60,000	Nil	Nil	Nil	\$60,000
Stuart Thomson <i>Vice President Operations</i>	\$50,000	Nil	Nil	Nil	\$50,000
Philip Gibbs <i>Chief Financial Officer</i>	\$60,000	Nil	Nil	Nil	\$60,000

Director Compensation

Director Compensation Table

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

Name	Fees earned (\$)	Share-based grants (\$)	Option-based grants (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
David Netherway ⁽¹⁾	100,000	Nil	Nil	Nil	Nil	Nil	100,000
James Mustard	30,000	Nil	45,000 ⁽²⁾	Nil	Nil	Nil	75,000
Jacques Bouchard ⁽⁵⁾	28,500	Nil	Nil	Nil	Nil	Nil	28,500
James Williams ⁽⁶⁾	22,500	Nil	35,000 ⁽³⁾	Nil	Nil	Nil	57,500
Loudon Owen ⁽⁷⁾	15,000	Nil	45,000 ⁽⁴⁾	Nil	Nil	Nil	62,000

- (1) Commenced service as Non-executive Chairman on July 7, 2011.
- (2) Options to acquire common shares. The value of the option-based award is calculated using the grant date fair value multiplied by the number of options granted. The grant date fair value for each option has been calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk-free interest rate of 1.10 %; volatility of 117%; expected dividend yield of Nil; and expected option life of 3 years.
- (3) Options to acquire common shares. The value of the option-based award is calculated using the grant date fair value multiplied by the number of options granted. The grant date fair value for each option has been calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk-free interest rate of 1.08 %; volatility of 117%; expected dividend yield of Nil; and expected option life of 3 years.
- (4) Options to acquire common shares. The value of the option-based award is calculated using the grant date fair value multiplied by the number of options granted. The grant date fair value for each option has been calculated using the Black-Scholes Option Pricing Model using the following assumptions: risk-free interest rate of 1.08 %; volatility of 117%; expected dividend yield of Nil; and expected option life of 3 years.
- (5) Ceased to be a director on January 31, 2012.
- (6) Appointed on January 3, 2012.
- (7) Appointed on March 9, 2012.

Board Fees

The Compensation, Governance and Nominating Committee makes recommendations to the Board of Directors regarding director's compensation in light of the directors responsibilities and risks involved in being a director or a committee member of one or more committees, as applicable. Non-executive directors of the Corporation currently receive an annual retainer of \$30,000 (\$2,500 per month) (other than Mr. Netherway who receives \$100,000) and are entitled to the reimbursement of out-of-pocket expenses incurred in connection with such duties. Directors are also eligible (i) to participate in the Stock Option Plan and (ii) to receive compensation to the extent that they provide services to the Corporation at rates that would be charged by such directors for such services to arm's length parties. Except as otherwise disclosed herein, during the year ended September 30, 2012, no compensation was paid or payable to directors or entities controlled by directors for services rendered.

Incentive Plan Awards for Directors

Outstanding Option-Based Awards and Share-Based Awards

The following table (presented in accordance with Form 51-102F6) sets forth for each non-executive director all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)
David Netherway	5,000,000	0.20	July 7, 2016	Nil	Nil	Nil
James Mustard	250,000	0.45	October 21, 2014	Nil	Nil	Nil
	210,000	0.30	November 19, 2015	\$Nil	Nil	Nil
	300,000	\$0.22	March 21, 2015	Nil	Nil	Nil
James Williams	300,000	\$0.20	January 4, 2015	Nil	Nil	Nil
Loudon Owen	300,000	\$0.22	March 9, 2015	Nil	Nil	Nil

- (1) Based on the closing price of the common shares on the TSX Venture Exchange of \$0.12 on September 30, 2012 less the exercise price in respect of such options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth information in respect of all value vested or earned during the year ended September 30, 2012 in respect of option-based awards, share-based awards and non-equity incentive plan compensation by directors of the Corporation (who are not Named Executive Officers).

Name	Option-based Awards Value - vested during the year (\$)⁽¹⁾	Share-based Awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
David Netherway	Nil	Nil	Nil
James Mustard	Nil	Nil	Nil
James Williams	Nil	Nil	Nil
Loudon Owen	Nil	Nil	Nil

- (1) Based on the closing price of the common shares on the TSX Venture Exchange on the most recent trading dates prior to the vesting date of the options less the exercise price in respect of such options.

Discussion

The significant terms of all plan-based awards, including non-equity incentive plan awards, issued or vested, or under which options have been exercised, during the year, or outstanding at year end, are set out above in the Compensation Discussion and Analysis. No outstanding options held by directors were exercised during the financial year ended September 30, 2012.

The Board will annually consider whether to grant additional options to the directors, subject and upon the recommendation of the Compensation, Governance and Nominating Committee. During the fiscal year ended September 30, 2012, an additional 900,000 options were granted to non-executive directors.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following chart details the number of securities to be issued upon the exercise of outstanding stock options under the Stock Option Plan as of the end of the Corporation's most recently completed financial year. The Corporation does not have any other equity compensation plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted –average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	14,270,000	\$0.225	10,230,000
Equity compensation plans not approved by security holders	Nil	-	Nil
Total	14,270,000	\$0.225	10,230,000

Stock Option Plan

On October 9, 2008, shareholders approved the Stock Option Plan which became effective on the completion of the Corporation's Qualifying Transaction with Kilo Goldmines Inc., on March 20, 2009. The Stock Option Plan was subsequently amended and restated on May 20, 2010.

The purpose of the Plan is to attract, retain and motivate directors, officers, employees and persons engaged to provide ongoing management and consulting services by providing them with the opportunity, through share options, to acquire a proprietary interest in the Corporation and benefit from its growth.

Options may be granted under the Plan to directors, officers, employees or consultants of the Corporation and its affiliates. The Stock Option Plan is a “fixed” plan pursuant to the policies of the TSX Venture Exchange (the “**Exchange**”), which provides that the aggregate number of common shares which may be issued pursuant to it shall not exceed 24,500,000 common shares. As at the date hereof, there were options outstanding to purchase 14,270,000 common shares.

The aggregate number of common shares which may be issued pursuant to the Stock Option Plan to any one person in any 12-month period may not exceed 5% of the issued common shares on a non-diluted basis on the date of the grant (2% in the case of consultants and persons involved in investor relations activities). The maximum term of any option shall be ten (10) years from the date the option is granted for a Tier I issuer listed on the Exchange or five (5) years for a Tier II issuer listed on the Exchange.

A participant’s options will expire ninety (90) days after ceasing to be an eligible person under the Stock Option Plan, except upon the death of a participant, in which case his options will be exercisable no later than the earlier of the expiry date and the date which is six (6) months after the date of the participant’s death.

The Plan is administered by the Board of Directors which has full and final authority with respect to the granting of options thereunder and the terms of such options (including duration, price and vesting, if any), subject to compliance with the requirements of the Exchange.

INDEBTEDNESS OF MANAGEMENT AND DIRECTORS

Since the beginning of the most recently completed financial year, no director or executive officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate of any such director, executive officer or proposed nominee, is or has been indebted to the Corporation or any of its subsidiaries, or to any other entity that was provided a guarantee or similar arrangement by the Corporation or any of its subsidiaries in connection with the indebtedness.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the commencement of the Corporation's most recently completed financial year, no informed person of the Corporation, any proposed director or any associate or affiliate of any informed person or proposed director, had any material interest, direct or indirect, in any transaction or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries other than disclosed below and elsewhere in this Circular:

- During the fiscal year ended September 30, 2012, the Corporation incurred fees for investor relations and promotional, publicity and advertising services in respect of web-based applications of \$36,000 with companies controlled by the son of Peter Hooper, former Executive Chairman of the Corporation.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or officer of the Corporation, no proposed nominee for election as a director of the Corporation, and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any matter to be acted upon other than as disclosed under the heading "Particulars of Matters to be Acted Upon".

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

At the Meeting, shareholders will be asked to elect five directors (the "**Nominees**"). The following table provides the names of the Nominees and information concerning them. The persons in the enclosed form of proxy intend to vote FOR the election of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director. Each director will hold office until the next annual meeting or until his successor is duly elected unless his office is earlier vacated in accordance with the Corporation's by-laws.

Name and Residence	Office Held with the Corporation ⁽¹⁾	Period of Service as a Director	Principal Occupation if Different from Office Held ⁽¹⁾	Number of Common Shares Beneficially Owned or Over Which Control is Exercised ⁽²⁾
David Netherway ⁽³⁾ Johannesberg, South Africa	Non-executive Chairman and Director	since July 2011	Mining Engineer	250,000
Alex van Hoeken Breda, Netherlands	President & Chief Executive Officer	since Sept. 2011	Independent Consultant to the Mining Industry	250,000
James Mustard ⁽⁴⁾ Vancouver, BC	Director	since Mar. 2009	Vice President, Investment Banking, PI Financial Corp. (financial services company)	290,000
Jim Williams ⁽⁵⁾ Conwy, United kingdom	Director	since Jan. 2012	President and Chief Executive Officer of Arian Silver Corporation (a public silver exploration, development and production company)	Nil
Loudon Owen ⁽⁶⁾	Director	Since March 2012	Partner, McLean Watson Capital	Nil

- (1) All of the Nominees have held the indicated positions for the past five years, except for Mr. Netherway, who between June 2006 and August 2010 served as Chief Executive Officer of Shield Mining Limited (a gold and base metals exploration company), and Mr. Mustard, who between September 2007 and October 2009 served as President of Canada Zinc Metals Corp. (formerly Mantle Resources Corp.) (a base metals exploration company), and between October 1996 and September 2007 served as Vice President and Senior Mine Analyst of Haywood Securities Inc. (an investment dealer).
- (2) The information as to shares beneficially owned or over which the above-named officers and directors exercise control or direction not being within the knowledge of the Corporation has been furnished by the respective nominees individually.
- (3) Chair of the Compensation, Governance and Nominating Committee.
- (4) Chair of the Audit Committee and member of the Compensation, Governance and Nominating Committee.
- (5) Member of the Audit Committee.
- (6) Member of the Audit Committee and of the Compensation, Governance and Nominating Committee.

If any of the above Nominees is for any reason unavailable to serve as a director, proxies in favor of Management will be voted FOR another nominee in their discretion unless the shareholder has specified in its form of proxy that its shares are to be withheld from voting in the election of directors.

Cease Trade Orders, Bankruptcies and Penalties

None of the Nominees is as at the date of the Circular, or has been within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company, (including the Corporation) that (i) was subject to an order that was issued while that person was acting in that capacity, or (ii) was subject to an order, that was issued after the director, chief executive officer or chief financial ceased to be a director, and which resulted from an event that occurred while that person was acting in such capacity.

None of the Nominees is as at the date of the Circular, or has been within the 10 years before the date of the Circular, a director or executive officer of any company (including the Corporation), that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the Nominees is, or has been within the 10 years before the Circular 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 the assets of the Nominee.

None of the Nominees has, within the 10 years before the date of the 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 such Nominee.

None of the Nominees has been the subject of (i) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Appointment of Auditors

Collins Barrow Toronto LLP and its predecessor firms were first appointed as independent auditors of the Corporation on September 12, 2006.

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote FOR the reappointment of Collins Barrow Toronto LLP, Chartered Accountants, Toronto, Ontario, as auditors of the Corporation for the year ending September 30, 2013, and to authorize the directors to fix their remuneration.

AUDIT COMMITTEE

National Instrument 52-110- Audit Committee (“**NI-52-110**”) requires the Corporation, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee (the “**Audit Committee**”) and its relationship with its independent auditor. The following disclosure is provided in accordance with the audit committee disclosure prescribed by Form 52-110F2 of NI 52-110.

The Audit Committee is responsible for monitoring the Corporation’s systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Corporation’s external auditors. The Audit Committee is also responsible for reviewing the Corporation’s annual audited financial statements, unaudited quarterly financial statements and Management’s discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full Board of Directors.

Audit Committee Charter

The Audit Committee’s charter sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board of Directors. A copy of the audit committee charter can be found at Schedule A to this Circular.

Composition of the Audit Committee

The Audit Committee is comprised of Mr. James Mustard (Chair), Mr. Loudon Owen and Mr. Jim Williams, each of whom is “independent” and “financially literate” within the meaning of NI 52-110.

Relevant Education and Experience

Set out below is a description of the education and experience of each of the Corporation’s audit committee members, which is relevant to the performance of his responsibilities as an audit committee member.

Mr. James Mustard – Mr. Mustard has been involved for over 10 years in the capital and financial markets. He was previously President of a public company and responsible for the company’s overall guidance, including budgeting, and financial Management. He was previously a director for Valley High Ventures (January 2008 to November 2009) where he served on the audit committee until his resignation from the Board.

Mr. Jim Williams – Mr. Williams has for the past 10 years been involved in various company start ups, particularly as founder of Arian Silver Corporation, a public company trading on the TSX Venture Exchange and AIM and which is operational in Mexico. Mr Williams is, and has been from inception, President and CEO of Arian Silver Corporation and is therefore experienced in the overall operations of the company, including financial, remuneration, corporate and technical.

Mr. Loudon Owen – Mr. Owen is a co-founding partner and manages McLean Watson Capital, a Toronto based venture capital fund. He serves on the board of directors/trustees of a number of public, private and non-profit organizations and has extensive experience in investment banking, capital markets and corporate governance.

All members of the Audit Committee have direct access to the Corporation’s auditors and to the Corporation’s Management in order to raise questions, seek clarifications and otherwise assess the Corporation’s financial statements and its financial reporting procedures and policies.

Audit Committee Oversight

At no time since October 1, 2011, the commencement of the Corporation’s financial year ended September 30, 2012, was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures regarding the engagement of non-audit services, but does review such matters as they arise in light of factors such as the Corporation's current needs, the availability of services from other sources and the other services provided by the Corporation's auditors.

External Auditor Services Fees (By Category)

Audit Fees

The aggregate audit fees billed by the Corporation's external auditors for the year ended September 30, 2012 were \$50,000 (September 30, 2011 - \$45,000). The audit fees relate to the audit of the Corporation's financial statements.

Audited-Related Fees

The aggregate audit-related fees billed by the Corporation's external auditors for the year ended September 30, 2012 were \$13,500 (September 30, 2011 – \$19,900). The audit-related fees relate to work performed with regard to a financing.

Tax Fees

There were no tax fees in respect of tax compliance, tax advice and tax planning billed by the Corporation's external auditors for the years ended September 30, 2012 and 2011.

All Other Fees

There were no other fees billed by the Corporation's external auditors in the past two fiscal years.

CORPORATE GOVERNANCE

General

National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and National Policy 58-201 *Corporate Governance Guidelines* ("**NP 58-201**") set out a series of guidelines for effective corporate governance. The Board of Directors is committed to sound corporate governance practices in the interest of its shareholders and contribute to effective and efficient decision making. The Corporation will continue to review and implement corporate governance guidelines as the business of the Corporation progresses.

This section sets out the Corporation's approach to corporate governance and addresses the Corporation's compliance with NI 58-101 in the form required by Form 58-101F1.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

Management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Corporation's business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board of Directors facilitates its independent supervision over Management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions.

Through its audit committee, the Board examines the effectiveness of the Corporation's internal control processes and management information systems. The Board reviews executive compensation and recommends stock option grants.

The independent members of the Board currently are David Netherway, James Mustard, Jim Williams and Loudon Owen. The only current non-independent director is Alex van Hoeken by virtue of his service as Chief Executive Officer of the Corporation. As such, a majority of the Board is currently and will continue to be independent after the proposed elections at the Meeting.

Directorships

Mr. David Netherway is currently a director of Afferro Mining Inc., a company listed on the Toronto Stock Exchange and Alternative Investment Market (“AIM”) of the London Stock Exchange, Aureus Mining Inc., a company listed on the Toronto Stock Exchange and AIM of the London Stock Exchange, Gryphon Minerals Limited and Crusader Resources Limited, companies listed on the Specialist Fund Market of the London Stock Exchange and the Chanel Island Stock Exchange, and Altus Global Gold, a company listed on the Chanel Island Stock Exchange.

Mr. Jim Williams is currently a director of Arian Silver Corporation, a company listed on the TSX Venture Exchange and AIM of the London Stock Exchange.

Mr. Loudon Owen is currently a director of i4i, i4ip, Hanfeng Evergreen Inc., and Posera-HDX, each listed on the Toronto Stock Exchange, Vismand Exploration, Amplus Communications, Ntegreor International listed on the Singapore Stock Exchange and Quantec Geoscience.

Orientation and Continuing Education

This responsibility is assumed by the Compensation, Governance and Nominating Committee established by the Board of Directors on March 9, 2012. In accordance with its Charter, the Committee ensures that new directors receive orientation materials describing the Corporation's business and its corporate governance policies and procedures. New directors will have meetings with the Chair, the Chief Executive Officer and the Chief Financial Officer.

The Compensation, Governance and Nominating Committee is also responsible for confirming that procedures are in place and resources are made available to provide directors with appropriate continuing education opportunities. The Committee is composed of three independent directors namely David Netherway (Chair), Jim Mustard and Loudon Owen.

Ethical Business Conduct

In accordance with its Charter, the Compensation, Governance and Nominating Committee is currently developing a Code of Business Conduct and Ethics (the “Code”) which will address among other things, conflicts of interest, corporate opportunities, confidentiality, fair dealing, proper use of the Corporation's assets and compliance with applicable laws, rules and regulations and the reporting of illegal or unethical behavior. The Code once adopted will be reviewed and assessed by the Board on a yearly basis.

The adoption of the Code will reaffirm the Board of Directors belief that corporate governance is an integral component to the success of the Corporation.

Nomination of Directors

The Compensation, Governance and Nominating Committee is responsible for assisting the Board of Directors to identify, assess and nominate new Board members. The Committee will make recommendations to the Board with respect to the preferred experience and qualifications for new directors to be elected by shareholders which will reflect among other things, competencies, skills and personal qualities (i) that each new director would bring to the Board; and (ii) that the Board considers necessary for the Board, as a whole to possess. In making its recommendations to the Board, the

Committee will provide its assessment of whether each candidates is or would be (i) independent and (ii) financially literate, within the meaning of NI 52-110

Compensation of Directors

The Compensation, Governance and Nominating Committee is entrusted to assist the Board of Directors to determine the compensation for the directors and Management including the Chief Executive Officer.

In determining the Board members compensation, the Committee will periodically review the adequacy and form of directors' compensation and recommend to the Board a compensation model that appropriately compensates directors for the responsibilities and risks involved in being a director or a member of one or more committees as applicable. In discharging this duty, the Committee will be guided by the following goals: (i) compensation should fairly pay directors for work required in an issuer of the Corporation's size and scope; (ii) it should not exceed what is customary given the size and scope of the Corporation's business and operations; (iii) compensation should align director's interests with the long-term interests of shareholders; and (iv) the structure of the compensation should be simple, transparent and easy for shareholders to understand. The directors receive cash remuneration for their acting in such capacity and are entitled to participate in the Stock Option Plan. See "*Executive Compensation – Director Compensation – Board Fees*" above.

As for the compensation of the Chief Executive Officer, the Committee will make specific recommendations to the Board based on the evaluation of his performance, compensation paid to chief executive officer and senior management in comparable organizations and the Corporation's performance and relative shareholder return.

Other Board Committees

The Board has no other committees other than the Audit Committee and the Compensation, Governance and Nominating Committee.

Assessments

The Compensation, Governance and Nominating Committee is responsible for annually reviewing the effectiveness of the Board in fulfilling its responsibilities and duties. It will annually review the performance of the Board with consideration being given to skills and expertise, group dynamics, core competencies, personal characteristics, accomplishment of specific responsibilities, meeting attendance, participation and candour. The Committee establishes minimum attendance standards for directors.

ADDITIONAL INFORMATION AND AVAILABILITY OF DOCUMENTS

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com. Financial information is provided in the Corporation's financial statements for its most recently completed financial year. Copies of the following documents are available without charge to shareholders upon written request to the secretary of the Corporation at 141 Adelaide Street West, Suite 1200, Toronto, Ontario M5H 3L5:

1. the consolidated financial statements for the year ended September 30, 2012, together with the accompanying report of the auditor; and
2. this Circular.

* * * * *

The contents and sending of this information circular have been approved by the Board of Directors of Corporation.

DATED as of the 25th day of January, 2013.

BY ORDER OF THE BOARD OF DIRECTORS

David Netherway
Chair

SCHEDULE A
AUDIT COMMITTEE CHARTER

1.0 PURPOSE AND COMPOSITION

The purpose of the Audit Committee (the "Committee") of **Kilo Goldmines Ltd** (the "Corporation") is to assist the Board of Directors in reviewing:

1. the Corporation's financial disclosure;
2. the qualifications and independence of the Corporation's external auditor; and
3. the performance of the external auditor.

The Committee of the Corporation shall be composed of not less than three directors of the Corporation, a majority of whom shall be independent within the meaning of Regulation 52-110 (the "Regulation").

2.0 PROCEDURAL MATTERS

In connection with the discharge of its duties and responsibilities, the Committee shall observe the following procedures :

1. Meetings. The Committee shall meet at least four times every year, and more often if necessary, to discharge its duties and responsibilities hereunder.
2. Advisors. The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay, at the Corporation's expense, the compensation of such advisors.
3. Quorum. A quorum at any meeting of the Committee shall be two Committee members.
4. Secretary. The Chairman, or any person appointed by the Chairman, shall act as secretary of meetings of the Committee.
5. Calling of Meetings. A meeting of the Committee may be called by the Chairman of the Committee, by the external auditor of the Corporation, or by any member of the Committee.

3.0 DUTIES AND RESPONSIBILITIES

3.1 Financial Disclosure. The Committee shall:

1. review the Corporation's:
 - (a) interim and annual financial statements;
 - (b) management's discussions and analyses;
 - (c) interim and annual earnings press releases;
 - (d) annual information forms;
 - (e) prospectuses; and
 - (f) other documents containing audited or unaudited financial information, at its discretion;
2. and report thereon to the Board of Directors (the "Board") before such documents are approved by the Board and disclosed to the public;
3. be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the disclosure provided by the financial statements, management's discussions and analyses and earnings press releases, and shall periodically assess the adequacy of those procedures.

3.2 External Audit. The Committee shall:

1. recommend to the Board the external auditor to be appointed for purposes of preparing or issuing an auditor's report or performing other audit, review or attest services;
2. review and approve the audit plan, the terms of the external auditor's engagement, the appropriateness and reasonableness of proposed audit fees, and any issues relating to the payment of audit fees, and make a recommendation to the Board with respect to the compensation of the external auditor;
3. review the independence of the external auditor;
4. meet with the external auditor and with management to discuss the audit plan, audit findings, any restrictions on the scope of the external auditor's work, and any problems that the external auditor experiences in performing the audit;
5. review with the external auditor and management any changes in Generally Accepted Accounting Principles that may be material to the Corporation's financial reporting;
6. review pro forma or adjusted information not in accordance with GAAP and IFRS;
7. have the authority to communicate directly with the external auditor;
8. require the external auditor to report directly to the Committee;
9. directly oversee the work of the external auditor that is related to the preparation or issue of an auditor's report or other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
10. meet with the external auditor to discuss the annual financial statements (including the report of the external auditor thereon) and the interim financial statements (including the review engagement report of the external auditor thereon);
11. review any management letter containing the recommendations of the external auditor, and the response and follow up by management in relation to any such recommendations;
12. review any evaluation of the Corporation's internal control over financial reporting conducted by the external auditor, together with management's response;
13. pre-approve (or delegate such pre-approval to one or more of its independent members) in accordance with a pre-approval policy, all engagements for non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor, together with all non-audit services fees, and consider the impact of such engagements and fees on the independence of the external auditor;
14. review and approve the Corporation's hiring policy regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;
15. in the event of a change of auditor, review and approve the Corporation's disclosure relating thereto.

3.3 Financial Complaints Handling Procedures. The Committee shall establish procedures for:

1. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
2. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

4.0 AUDITOR'S ATTENDANCE AT MEETINGS

The external auditor shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard at any meeting of the Committee. If so requested by a member of the Committee, the external auditor shall attend every meeting of the Committee held during the term of office of the external auditor.

5.0 ACCESS TO INFORMATION

The Committee shall have access to any information, documents and records that are necessary in the performance of its duties and the discharge of its responsibilities under this Charter.

6.0 REVIEW OF CHARTER

The Committee shall periodically review this Charter and recommend any changes to the Board as it may deem appropriate.

7.0 REPORTING

The Chairman of the Committee shall report to the Board, at such times and in such manner, as the Board may from time to time require and shall promptly inform the Chairman of the Corporation of any significant issues raised during the performance of the functions as set out herein, by the external auditor or any Committee member, and shall provide the Chairman copies of any written reports or letters provided by the external auditor to the Committee.