

PACIFIC COMOX RESOURCES LTD.

INFORMATION CIRCULAR

(As at November 6, 2012 (the “Record Date”) and in Canadian dollars except where indicated)

PERSONS MAKING THIS SOLICITATION OF PROXIES

This Information Circular (“Circular”) is furnished in connection with the solicitation of proxies (“Proxies”, which term includes ‘VIFs’, as defined below under ‘Completion and Voting of Proxies – Unregistered Shareholders’) by the management of Pacific Comox Resources Ltd. (the “Company”) for use at the Annual General Meeting of the holders (“Shareholders”) of common shares (“Shares”) of the Company (the “Meeting”) to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof. It is expected the solicitation will be primarily by mail. Proxies may also be solicited personally by employees of the Company. The cost of solicitation will be borne by the Company.

COMPLETION AND VOTING OF PROXIES

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 (a “Proxyholder”) having one vote, unless a poll is required (if the number of Shares represented by Proxies 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. To approve a motion proposed at the Meeting a majority of greater than 50% of the votes cast will be required (an ‘ordinary resolution’) unless the motion requires a ‘special resolution’ in which case a majority of 66-2/3% of the votes cast will be required.

Appointment of Proxyholders

The persons named in the accompanying Proxy as Proxyholders are directors or officers of the Company. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and vote on the Shareholder’s behalf at the Meeting other than the persons named in the Proxy as Proxyholders. To exercise this right, the Shareholder must strike out the names of the persons named in the Proxy as Proxyholders and insert the name of the Shareholder’s nominee in the space provided or 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. **If both spaces are left blank, the Proxy 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 enclosed Proxy, when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting. At the date of this Circular, the management of the Company 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 hereby solicited will be voted as recommended by management.

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

The completed Proxy, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, must be deposited with the Company's transfer agent in accordance with its instructions. Proxies received after the time set out in the Proxy may be accepted or rejected by the Chairman of the Meeting in the Chairman's discretion. Unregistered Shareholders must deliver their completed Proxies in accordance with the instructions given by the party (the "Intermediary") that forwarded the Proxy to them.

Registered Shareholders

Only persons registered as Shareholders in the Company's Central Securities Register maintained by its registrar and transfer agent or duly appointed Proxyholders will be recognized, 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) 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 and can only be voted through a duly completed Proxy given by the Shareholder. 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.**

National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian securities administrators require Intermediaries to seek voting instructions from unregistered Shareholders in advance of Shareholder meetings. Intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by unregistered Shareholders to ensure their Shares are voted at the Meeting. The form requesting such voting instructions (a "VIF") supplied to the unregistered Shareholder by its Intermediary is substantially similar to the Proxy provided directly to the registered Shareholders by the Company, however, it is limited to instructing the registered Shareholder (that is, the Intermediary) how to vote on behalf of the unregistered Shareholder.

Most Intermediaries in Canada and the United States of America ("USA") delegate responsibility for obtaining instructions from clients to a third party company (or, if the Shareholder has so consented, allows the Company or its transfer agent to do so directly) which sends a machine-readable VIF to unregistered Shareholders and asks the Shareholders to return the VIFs to them or provide instructions to them through the Internet or by telephone. The third party company (or the Company or its agent, if it has sent the VIF to the Shareholder 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 their 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 company (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.

REVOCATION OF PROXIES

Shareholders have the power to revoke Proxies previously given by them. Revocation 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 the Company's transfer agent (Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Canada) or registered office (Northwest Law Group (attn: Michael F. Provenzano), Suite 704, 595 Howe Street, Box 35, Vancouver, BC V6C 2T5, Canada) or head office (at the address set out on the Notice of Meeting) any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or deposited with the Chairman of the Meeting prior to the commencement of the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Company, any person who has held such a position since the beginning of the Company's last two financial years, any proposed nominee for election as a director of the Company nor any associate or affiliate of the foregoing persons, has any substantial or material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting (other than the election of directors) except for the current and future directors and executive officers of the Company, inasmuch as in the following year they may be granted options to purchase Shares pursuant to its Stock Option Plan, ratification of which Plan will be sought at the Meeting as required by the TSX Venture Exchange (the "TSX-V").

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Shares are the only class of shares of the Company entitled to be voted at the Meeting. All issued Shares are entitled to be voted at the Meeting and each has one non-cumulative vote. Only those Shareholders as of the Record Date will be entitled to vote at the Meeting or any adjournment thereof. There were 184,260,655 Shares issued and outstanding as of the Record Date.

To the knowledge of the directors and executive officers of the Company, only the following persons beneficially own, directly or indirectly, or exercise control or direction over Shares which, as of the Record Date, represent more than 10% of the voting rights attached to all outstanding Shares:

Name	Number of Shares	Percentage of Outstanding Shares
Pinetree Capital Ltd.	19,000,000	10.31%

(1) Pinetree Capital Ltd. is a publicly traded company, the shares of which are listed on the Toronto Stock Exchange.

ELECTION OF DIRECTORS

The Board of Directors of the Company (the “**Board**”) presently consists of four directors. It is proposed to set the number of directors for the following year at the same number. This requires the approval of the Shareholders by an ordinary resolution, which approval will be sought at the Meeting.

The Company’s management proposes to nominate the persons named in the following table for election to the Board. Each director elected will hold office until the next Annual General Meeting or until the director’s successor is duly elected or appointed, unless the director’s office is earlier vacated in accordance with the Company’s Articles or the director becomes disqualified to act as a director.

The following information concerning the proposed nominees has been furnished by each of them.

Name, Province or State & Country of Residence & Present Position in the Company	Present Principal Occupation ⁽¹⁾	Director Since	Number of Shares ⁽²⁾
EMPEY, Donald A. ⁽³⁾ Ontario, Canada President, Secretary & Director	President of Company	January 5, 1996	17,840,267
JOHNSON, Brent H. ⁽³⁾ British Columbia, Canada Director	President, Mountain-West Resources Inc. (publicly traded (TSX-V) mineral exploration company)	April 20, 1992	2,500
LEMAS CONTRERAS, Cesar Mauricio Sonora, Mexico Director & Vice-President, Development	Geologist Vice-President, Development of the Company (since Oct. 4, 2011) formerly consulting geologist to the Company (Sep. 2002 to Oct. 2011) and geologist with Teck Resources	October 4, 2011	0
WOLFF, J. Marvin ⁽³⁾ Ontario, Canada Director	Chartered Financial Analyst Senior Analyst, Industrial Technology, Paradigm Capital Inc. (institutional brokerage firm)	December 5, 1996	5,406,500

(1) Includes occupations for preceding five years unless the director was elected at the previous Annual General Meeting and was shown as a nominee for election as a director in the Circular for that meeting.

(2) The approximate number of Shares carrying the right to vote in all circumstances beneficially owned, directly or indirectly, or over which control or direction is exercised by each proposed nominee as of the Record Date. No director, together with the director’s associates and affiliates beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Shares.

(3) Member of the Audit Committee.

(4) None of the proposed directors is to be elected under any arrangement or understanding between the proposed director and a third party (other than the directors and executive officers of the Company acting as in that capacity).

No proposed director:

1. is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer (“CEO”) or chief financial officer (“CFO”) of any corporation (including the Company) that was subject to a ‘cease trading’ or similar order (including a voluntary or involuntary Cease Trading Order applying to some or all of the management of a corporation) or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued
 - (a) while the proposed director was acting as a director, CEO or CFO of that corporation, or
 - (b) after the proposed director ceased to be a director, CEO or CFO of that corporation but resulted from an event that occurred while acting in such capacity;
2. is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any corporation (including the Company) that while acting in that capacity or within a year of 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;
3. 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 their assets;
4. has entered into, at any time, a settlement agreement with a securities regulatory authority; or
5. has been subject to, at any time, any penalties or sanctions imposed by
 - (a) a court relating to securities legislation or a securities regulatory authority, or
 - (b) 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 Donald A. Empey, the President and a director of Republic Goldfields Inc. which became subject to cease trading orders issued by the

- Alberta Securities Commission on July 29, 2005 (expired on August 12, 2005) and September 13, 2006 (revoked on November 2, 2011),
- British Columbia Securities Commission on May 12, 2005 (revoked on August 11, 2005), November 23, 2005 (revoked on December 5, 2005) and April 11, 2006 (revoked on November 3, 2011) and
- Quebec Autorité des Marché Financiers on May 30, 2005 (revoked on November 2, 2011)

for failing to file financial statements and Management’s Discussion & Analysis, which orders were revoked when Republic filed the necessary financial statements and Management’s Discussion & Analysis (“MD&A”) and paid the outstanding filing fees.

CORPORATE GOVERNANCE

National Instrument 58-101 *Disclosure of Corporate Governance Practices* of the Canadian securities administrators requires the Company to annually disclose certain information regarding its corporate governance practices. That information is disclosed below.

Mandate of the Board of Directors

The Board has responsibility for the stewardship of the Company. That stewardship includes responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company's internal control and management information systems.

Independence of the Directors

A director is 'independent' if the director is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company, other than interests and relationships arising from shareholding.

The following table describes whether the current and proposed directors are independent and, if not independent, sets out the reasons:

Director	Independent	Reason why the Director is not Independent
EMPEY, Donald A.	No	Is the President and Secretary of the Company
JOHNSON, Brent H.	Yes	–
LEMAS C., Cesar M.	No	Is the Vice-President, Development of the Company
WOLFF, J. Marvin	Yes	–

The Board facilitates its exercise of independent supervision over the Company's management through regular meetings of the Board.

The Board does not hold regularly scheduled meetings without the non-independent directors and members of management. However, when consideration of a matter concerns or affects a director, that director recuses himself from the meeting and consideration of the matter so that the independent directors can have an open and candid discussion of, and freely vote on, the matter.

Other Directorships

The current and proposed directors are also directors of the following other reporting issuers (publicly traded corporations):

Director or Nominee	Reporting Issuers
EMPEY, Donald A.	Republic Goldfields Inc.
JOHNSON, Brent H.	Mountain-West Resources Inc.
LEMAS C., Cesar M.	–
WOLFF, J. Marvin	–

Orientation and Continuing Education

The Board takes the following steps to ensure that all new directors receive orientation regarding the role of the Board, its committees and its directors, and the nature and operation of the Company.

The first step is to assess a new director's set of skills and professional background. This allows the orientation to be customized to that director's needs since different information regarding the nature and operations of the Company's business will be necessary and relevant to each new director.

Once that assessment is complete, the second step is taken by one or more existing directors, who may be assisted by the Company's management, to provide the new director with the appropriate orientation through meetings, telephone calls and correspondence.

To ensure the Board provides continuing information for its directors so they maintain the skill and knowledge necessary for them to meet their obligations as directors of the Company, there are technical presentations made as required at meetings of the Board. The presentations can range from a review of the Company's financial statements to various aspects of the Company's business. The Board believes the discussion among the directors, management and outside experts at these meetings provides a valuable learning resource for directors without expertise in the subject matter being presented.

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 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, MD&A 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 appointed a Nominating Committee, however, it does not feel it is necessary to increase the number of directors on the Board at this time. When the Board considers it necessary to do so, it can also consider whether a Nominating Committee of directors, some or all of whom will be independent directors, needs to be formed to recommend appointees and assess directors on an ongoing basis. Any new appointees or nominees to the Board must have a favourable history of experience in general business management,

special expertise in areas of strategic interest to the Company and the ability to devote the time required of a director.

Compensation

The Board determines the appropriate compensation of the CEO, CFO, other executive officers and directors. This determination is based primarily on a comparison of the remuneration paid by the Company with the remuneration paid by other public companies that the Board feels are similarly placed within the same business.

In addition, the CEO, CFO, other executive officers and directors are granted stock options under a stock option plan adopted by the Company (the “**Option Plan**”). The Board determines the terms of each stock option within the parameters set out in the Option Plan. While not required by the Company’s governing corporate law, each director abstains from voting on any option to be granted to himself if the options are granted at a meeting of the Board and not by a consent resolution.

Board Committees

Under applicable corporate and securities legislation there are not any requirements for the Board to have any committees, except for an Audit Committee (described in the next section). Accordingly, the Board has not established any committees other than the Audit Committee.

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 the Company’s President based on his 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.

AUDIT COMMITTEE

National Instrument 52-110 *Audit Committees* (“**NI 52-110**”) of the Canadian securities administrators requires the Audit Committee of the Board to meet certain requirements. It also requires the Company to disclose in this Circular certain information regarding the Audit Committee. That information is disclosed below.

Overview

The Audit Committee is responsible for:

- recommending to the Board an external auditor to be nominated for election by the Shareholders at each Annual General Meeting and approving the compensation of such external auditor;
- overseeing the work of the external auditor, including the resolution of disagreements between the auditor and management regarding the Company’s financial reporting;
- pre-approving all non-audit services to be provided to the Company and its subsidiaries by the auditor;

- reviewing the Company’s annual and interim financial statements, MD&A and press releases regarding earnings before they are submitted for review and approval by the Board and publicly disseminated by the Company; and
- reviewing and approving the Company’s hiring policies regarding current and former partners and employees of the Company’s current and former auditors.

The Company’s auditor reports directly to the Audit Committee.

The Audit Committee’s Charter

The Board has adopted a Charter for the Audit Committee which sets out the Committee’s mandate, organization, powers and responsibilities. The Charter is attached as a schedule to this Circular.

Composition of the Audit Committee

The Audit Committee consists of three directors. Unless it was a ‘Venture Issuer’ (an issuer the securities of which are not listed or quoted on any of the Toronto Stock Exchange (the “TSX”), a market in the USA other than the over-the-counter market, or a market outside of Canada and the USA) as of the end of its last financial year, NI 52-110 requires each of the members of the Committee to be independent and financially literate. Since the Company was a ‘Venture Issuer’ (its securities were listed on the TSX-V, but are not listed or quoted on any other exchange or market, other than possibly the over-the-counter market in the USA, or a market outside of Canada and the USA, and it remains a Venture Issuer) as of the end of its last financial year, it is exempt from this requirement. In addition, the Company’s governing corporate legislation requires the Company to have an Audit Committee composed of a minimum of three directors, a majority of whom are not officers or employees of the Company. The Audit Committee complies with all of these requirements.

The following table sets out the names of the members of the Audit Committee and whether they are officers or employees, ‘independent’ or ‘financially literate’.

Name of Member	Officer or Employee	Independent ⁽¹⁾	Financially Literate ⁽²⁾
EMPEY, Donald A. (Committee Chairman)	Yes	No	Yes
JOHNSON, Brent H.	No	Yes	Yes
WOLFF, J. Marvin	No	Yes	Yes

(1) To be considered to be independent, a member of the Committee must not have any direct or indirect ‘material relationship’ with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgement.

(2) To be considered financially literate, a member of the Committee must have 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.

Relevant Education and Experience

The education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

- an understanding of the accounting principles used by the Company to prepare its financial statements;
- the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- experience preparing, auditing, analysing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting,

are as follows:

Name of Member	Education	Experience
EMPEY, Donald A. (Committee Chairman)	B. Sc. (Chemical Engineering) 1966 M.B.A. 1969 Queen's University Kingston, Ontario	Mining Analyst with various investment firms (1969 to 1991) and director and officer of several, and investor in numerous, publicly traded mineral exploration companies, as a result of which experience and during the course of such appointments and investments has reviewed and analysed numerous financial statements.
JOHNSON, Brent H.	Diploma in Marketing & Management 1971 British Columbia Institute of Technology Burnaby, British Columbia	Director and officer of another, and investor in numerous, publicly traded mineral exploration companies as a result of which and during the course of such appointments and investments has reviewed and analysed numerous financial statements.
WOLFF, J. Marvin	Chartered Financial Analyst B. Sc. (Geology) 1974 M. Sc. (Geology) 1977 M.B.A. 1981 McMaster University Hamilton, Ontario	As a Chartered Financial Analyst and portfolio manager at several major financial institutions and from several years experience as an institutional financial analyst has extensive experience reviewing and analysing numerous financial statements.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Exemptions in NI 52-110 regarding *De Minimis* Non-audit Services or on a Regulatory Order Generally

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are

not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit); or

2. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

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

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Company by its external auditor during the last two financial years.

Financial Year Ending October 31st	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
2011	\$50,000	0	\$3,300	0
2010	\$26,725	0	\$3,192	0

- (1) The aggregate fees billed for audit services.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the 'Audit Fees' column.
- (3) The aggregate fees billed for tax compliance, tax advice, and tax planning services. These services involved the preparation of the Company's tax returns.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition & Reporting Obligations

Since the Company was a Venture Issuer at the end of its last financial year, it relies on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 *Composition of the Audit Committee* (as described in 'Composition of the Audit Committee' above) and Part 5 *Reporting Obligations* of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in the Company's Annual Information Form, if any).

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.

EXECUTIVE & DIRECTOR COMPENSATION

Unless otherwise noted the following information is for the Company's previous financial year (which ended October 31, 2011).

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 whose total individual compensation (excluding the value of any pension) was more than \$150,000 in the previous financial year (including any CEO, CFO and executive officer that held such position for only a part of the previous financial year).

Compensation Discussion & Analysis

Philosophy

The philosophy used by the Board in determining the compensation of the Named Executive Officers is that the compensation should:

- assist the Company in attracting and retaining key individuals as NEOs,
- align the interests of NEOs with those of the Shareholders,
- reflect each NEO's performance, expertise, responsibilities and length of service to the Company,
- reflect the Company's past performance and current state of development, and
- be commensurate with the Company's financial ability to remunerate its NEOs.

Compensation Components

The Company's process for determining executive compensation is comparable to that used by most employers in the mineral exploration industry. The compensation of the Named Executive Officers is comprised of two components: (i) base salary; and (ii) stock options.

There are not any formal policies or procedures for determining the remuneration of the NEOs and Board. Instead, the Board generally considers the appropriate level of remuneration without any formal objectives, criteria or analysis. Levels of remuneration are usually first informally discussed among the members of the Board before being formally considered and approved. No specific formulas have been developed to assign a specific weighting to each of these components. Instead, the Board considers the Company's performance and recommends compensation based on this assessment. Accordingly, each case is determined on its own merits and circumstances after being considered in light of prevailing economic conditions – both on a corporate level and on a national and international level – and industry norms for such remuneration.

In its review, the Board considers the remuneration paid to executives of other companies of comparable size and development within the mineral exploration industry. Such comparative companies include: Niogold Mining Corp. (TSX-V), Northern Gold Mining Inc. (TSX-V), XMET Inc. (TSX-V), West Kirkland Mining Inc. (TSX-V), Cassidy Gold Corp (TSX-V) and Canarc Resources Corp. (TSX). The Board also reviews surveys of remuneration paid within the mineral exploration and mining industry prepared by PricewaterhouseCoopers LLP.

Finally, in assessing compensation levels, the Board relies on the experience of its members as officers and directors of other publicly traded mineral exploration companies. The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar business characteristics;
- identify and understand any gaps that may exist between the Company's compensation rates and compensation paid by other companies; and
- establish as a basis for developing salary adjustments and short-term and long-term incentive awards.

Stock options already held by NEOs are considered in granting new options to them.

Both of these compensation components are described below.

1. Base Salary:

The base salary for each Named Executive Officer is based on assessment of factors such as:

- current competitive market conditions;
- compensation levels within the peer group; and
- particular skills of the NEOs, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual.

Using this information, budgetary guidelines and other internally generated planning and forecasting tools, the Board performs an annual assessment of the compensation of all NEOs. The Board then establishes and approves the base salaries of all the NEOs.

2. Stock Options:

The Option Plan is designed to encourage Share ownership and entrepreneurship in Named Executive Officers and other senior management and employees. The Board believes that the Option Plan aligns the interests of the NEOs' with the interests of Shareholders by linking a component of executive compensation to the longer term performance of the Shares.

Option Based Awards to Named Executive Officers

Stock options granted to NEOs are granted, from time to time, as the Board feels is appropriate in the circumstances. The size of the options to be granted are recommended by the CEO (other than the CEO's option) and approved by the Board. The size of the CEO's option is determined by the Board.

In determining stock option grants, the Board takes into account the options previously granted by the Company. In addition, it considers options granted by comparable companies for similar levels of

responsibility and considers the performance of each NEO or employee based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to Shareholder value.

In addition to determining the number of Shares to be subject to options granted pursuant to the methodology outlined above, the Board also determines, subject to and in accordance with the provision of the Option Plan, the following terms of the options:

- the exercise price;
- the terms on which the options vest; and
- any other materials terms and conditions.

Contracts with Named Executive Officers

The Company's employment and consulting contracts with its Named Executive Officers are verbal. These agreements provide for the remuneration of such officers as summarized in the Summary Compensation Table below. The agreements may be terminated at the election of such officers or the Company on reasonable notice.

In addition to the remuneration payable under the contracts, bonuses and stock options may be paid or granted to such officers in the discretion of the Board.

The Company has not established or entered into any compensatory plans, contracts or arrangements where any of its Named Executive Officers are entitled to receive more than \$100,000 from the Company in the event of their resignation, retirement or other termination of their employment, a change of control of the Company or a change in any of their responsibilities following a change of control.

Pension Plans for Named Executive Officers

The Company does not have any pension plans including 'defined benefits' plans, 'defined contribution' plans or 'deferred compensation' plans.

Other Remuneration of Named Executive Officers

During the previous financial year there was not any other remuneration paid or payable, directly or indirectly, by the Company pursuant to any existing plan or arrangement to its directors and Named Executive Officers.

Summary Compensation Table – Named Executive Officers

The following table discloses the compensation paid or payable, directly or indirectly, by or on behalf of the Company during the last three financial years to its Named Executive Officers:

Name & Principal Position	Year ended Oct. 31	Salary	Awards		Non-equity Incentive Plan Compensation		Pension Value	All Other Comp'n	Total Comp'n
			Share Based ⁽¹⁾	Option Based ⁽²⁾	Annual Incentive Plans	Long Term Incentive Plans ⁽³⁾			
EMPEY, Donald A. CEO	2011	\$50,000	0	0	0	0	0	0	\$50,000
	2010	\$52,000	0	0	0	0	0	0	\$90,000
	2009	\$90,000	0	0	0	0	0	0	\$120,442
RAPAGNA, P. (Perry) V. CFO ⁽⁴⁾	2011	–	–	–	–	–	–	–	–
	2010	–	–	–	–	–	–	–	–
	2009	–	–	–	–	–	–	–	–
JANZEN, James M. former CFO ⁽⁴⁾	2011	0	0	0	0	0	0	0	0
	2010	0	0	0	0	0	0	0	0
	2009	0	0	0	0	0	0	0	0

- (1) The Company did not grant any Share based awards during its previous financial year.
- (2) The Company did not grant any option based awards during the financial years shown.
- (3) Long Term Incentive Plans are any plan providing compensation intended to serve as incentive for performance to occur over a period longer than one financial year, whether the performance is measured by reference to financial performance of the Company or an affiliate of the Company, the price for the Company's securities or any other measure, but does not include stock option or stock appreciation rights plans or plans for compensation through restricted shares or restricted share units. The Company does not have any Long Term Incentive Plans.
- (4) P. (Perry) V. Rapagna replaced James M. Janzen as CFO on February 22, 2012. James M. Jansen was appointed CFO on November 1, 2008.
- (5) Amounts shown are for the entire financial year and includes all remuneration paid during, or payable in respect of, the year, even if the NEO was not an NEO for the entire year.

The Company calculates the fair value of stock options on the date of granting in the 'Option Based Awards' column using the Black-Scholes-Merton Model, a mathematical valuation model that ascribes a value to a stock option based on a number of variables, including the exercise price of the options, the market price of the underlying Shares on the date the option was granted, the term of the option and assumptions with respect to the volatility of the price of the underlying Share and the risk-free rate of return. The Company used this model because it is the methodology recommended by the Canadian Institute of Chartered Accountants in its Handbook for valuing securities based compensation and, in line with that recommendation, is the methodology used by the Company, and most Canadian publicly traded companies, in valuing and reporting stock options in its financial statements.

Calculating the value of stock options using the Black-Scholes-Merton Model is very different from a simple 'in-the-money' value calculation. Stock options that are well 'out-of-the-money' can still have a significant fair value based on a Black-Scholes-Merton valuation. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation. The value of the 'in-the-money' options currently held by each NEO and director (based on Share market price less option exercise price) is set forth in the 'Value of Unexercised in-the-money Options' column of the table in the section "Outstanding Share and Option Based Awards" below.

Compensation of Directors

Other than stock options to purchase Shares granted to the Board from time to time, as the Board feels is appropriate in the circumstances, the Company does not have any arrangements pursuant to which directors are directly or indirectly remunerated by the Company, for their services in their capacities as directors, consultants or experts.

The following table discloses the compensation paid, directly or indirectly, by or on behalf of the Company during the previous financial year to its directors other than a director who is or was also an executive officer of the Company and whose remuneration is disclosed under the table in ‘Named Executive Officers’ Compensation Summary’ above:

Name	Fees Earned	Awards		Non-equity Incentive Plan Comp’n	Pension Value	All Other Comp’n	Total Comp’n
		Share Based ⁽¹⁾	Option Based ⁽²⁾				
JOHNSON, Brent H.	0	0	0	0	0	0	0
WOLFF, J. Marvin	0	0	0	0	0	0	0

(1) The Company did not grant any Share based awards during its previous financial year.

(2) The Company did not grant any option based awards to directors during its previous financial year.

The methodology used for determining the remuneration of the Board is similar to that used for the remuneration of NEOs. Remuneration of committee chairmen is determined based on their own merits and circumstances after being considered in light of prevailing economic conditions – both on a corporate level and on national and international levels – and industry norms for such remuneration. Levels of remuneration of directors, committee members and committee chairmen are usually first informally discussed among the members of the Board] before being formally considered and approved by the Board.

Stock Option Plan

The Option Plan has been established in accordance with the policies of the TSX-V. The purpose of the Option Plan is to attract and motivate the directors, officers and employees of the Company and any subsidiaries, employees of any management corporation and consultants to the Company (collectively, “**Optionees**”) and thereby advance the Company’s interests by providing them an opportunity to acquire an equity interest in the Company through the exercise of stock options granted to them under the Option Plan.

Pursuant to the Option Plan, the Board may grant stock options to Optionees in consideration of them providing their services to the Company or a subsidiary. The number of Shares subject to each option is determined by the Board or Committee within the guidelines established by the Option Plan. The options enable such persons to purchase Shares at a price fixed pursuant to such guidelines. The options are exercisable by the Optionee giving the Company notice and payment of the exercise price for the number of Shares to be acquired.

The Option Plan authorizes stock options to be granted to the Optionees on the following terms:

1. The number of Shares reserved for issuance pursuant to outstanding options cannot exceed an aggregate of 10% of the issued Shares.
2. The number of Shares subject to issuance upon the exercise of options granted under the Option Plan by one Optionee or all Optionees providing investor relations services is subject to the following limitations
 - (a) no Optionee can be granted options during a 12 month period to purchase more than
 - (i) 5% of the issued Shares unless disinterested Shareholder approval has been obtained (such approval has not been sought), or
 - (ii) 2% of the issued Shares, if the Optionee is a consultant, and
 - (b) the aggregate number of Shares subject to options held by all Optionees providing investor relations services cannot exceed 2% in the aggregate.
3. Approval by disinterested Shareholders must be obtained (such approval has not been, nor is it intended to be, sought) if options granted under the Option Plan, together with all of the Company's previously established and outstanding stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, could result, at any time, in
 - (a) the number of Shares reserved for issuance pursuant to stock options granted to insiders exceeding 10% of the Shares outstanding at the time of granting,
 - (b) the grant to insiders, within a one year period, of options to purchase that number of Shares exceeding 10% of the outstanding Shares, or
 - (c) the issuance to any one insider and such insider's associates, within a one year period, of Shares totalling in excess of 5% of the outstanding Shares.
4. The exercise price of the options cannot be set at less than the greater of \$0.10 per Share and the closing trading price of the Shares on the day before the granting of the stock options. If the Optionee is subject to the tax laws of the USA and owns (determined in accordance with such laws) greater than 10% of the Shares, the exercise price shall be at least 110% of the price established as aforesaid.
5. The options may be exercisable for up to 10 years.
6. There are not any vesting requirements unless the Optionee is providing investor relations services to the Company, in which case the options must vest over at least 12 months with no more than one-quarter vesting in any three month period. However, the Board may impose additional vesting requirements and, subject to obtaining any required approval from the TSX-V, may authorize all non-vested options to vest immediately. If the Company agrees to a change of control or if there is a potential change of control of the Company due to a take-over bid being made for the Company or similar events, all non-vested options, subject to obtaining any required approval from the TSX-V, shall vest immediately.
7. The options can only be exercised by the Optionee (to the extent they have already vested) for so long as the Optionee is a director, officer or employee of, or consultant to, the Company or any subsidiary or is an employee of the Company's management corporation and within a period thereafter not exceeding the earlier of:

- (a) the original expiry date;
- (b) 90 days (or such longer period as the Board may determine) after ceasing to be a director, officer, employee or consultant at the request of the Board or for the benefit of another director or officer unless the Optionee is subject to the tax laws of the USA, in which case the option will terminate on the earlier of the 90th day and the third month after the Optionee ceased to be an officer or employee; or
- (c) if the Optionee dies, within one year from the Optionee's death.

If the Optionee is terminated 'for cause', involuntarily removed or resigns (other than at the request of the Board or for the benefit of another director or officer) from any of such positions the option will terminate at the same time.

- 8. The options are not assignable except to a wholly-owned holding company. If the option qualifies as an 'incentive stock option' under the United States Internal Revenue Code, the option is not assignable to a holding company.
- 9. No financial assistance is available to Optionees under the Option Plan.
- 10. Any amendments to the Option Plan or outstanding stock options are subject to the approval of the TSX-V and, if required by the TSX-V or the Option Plan, of the Shareholders, possibly with only 'disinterested Shareholders' being entitled to vote. Disinterested Shareholder approval must be obtained for the reduction of the exercise price of options (including the cancellation and re-issuance of options so as to effectively reduce the exercise price) of options held by insiders. The amendment to an outstanding stock option will also require the consent of the Optionee.

No options have been granted under the Option Plan which are subject to Shareholder approval.

The Option Plan does not permit stock options to be transformed into stock appreciation rights.

Value of Share and Option Based Awards Vested or Earned

The following table discloses the particulars of the share and option based awards that vested in, and non-equity awards that were earned by, the Named Executive Officers and directors during the previous financial year:

Name & Position	Value Vested or Earned during the previous financial Year ⁽¹⁾		
	Share Based Awards ⁽²⁾	Option Based Awards ⁽³⁾	Non-equity Incentive Plan Compensation Based Awards
Named Executive Officers			
EMPEY, Donald A. CEO	0	0	0
JANZEN, James M. former CFO ⁽⁴⁾	0	0	0
Directors			

Name & Position	Value Vested or Earned during the previous financial Year ⁽¹⁾		
	Share Based Awards ⁽²⁾	Option Based Awards ⁽³⁾	Non-equity Incentive Plan Compensation Based Awards
JOHNSON, Brent H.	0	0	0
WOLFF, J. Marvin	0	0	0

- (1) Amounts shown are for the entire financial year (even if the NEO or director was not an NEO or director for the entire year).
- (2) The value of a Share based award is the product of the number of Shares issuable on the vesting date multiplied by the closing market price of the Shares on the vesting date. The Company has not granted any Share based awards.
- (3) The value of an option based award is the product of the number of Shares issuable on the exercise of the option on the vesting date multiplied by the difference between the exercise price and the closing market price on the vesting date.
- (4) P. (Perry) V. Rapagna replaced James M. Janzen as CFO on February 22, 2012.

Option Based Awards Exercised

The following table discloses the particulars of stock options exercised during the previous financial year by the NEOs and directors:

Name & Position	Shares Acquired	Exercise Price (per Share)	Aggregate Value ⁽¹⁾ Realized
Named Executive Officers			
EMPEY, Donald A. CEO	0	–	–
JANZEN, James M. former CFO ⁽²⁾	0	–	–
Directors			
JOHNSON, Brent H.	0	–	–
WOLFF, J. Marvin	0	–	–

- (1) Value is the product of the number of Shares multiplied by the difference between the exercise price and the closing market price on the date of exercise.
- (2) P. (Perry) V. Rapagna replaced James M. Janzen as CFO on February 22, 2012.
- (3) Amounts shown are for the entire financial year (even if the NEO or director was not an NEO or director for the entire year).

Outstanding Share and Option Based Awards

The following table discloses the particulars of the Share and option based awards outstanding as at the end of the previous financial year held by the Named Executive Officers and directors:

Name & Position	Option Based Awards ⁽¹⁾				Share Based Awards ⁽¹⁾	
	Number of Securities Underlying Unexercised Options (vested-unvested)	Option Exercise Price (per Share)	Option Expiration Date	Value of Unexercised 'in the Money' ⁽²⁾	Number of Shares not vested	Market or Payout Value of Shares not vested
Named Executive Officers						
EMPEY, Donald A. CEO	2,250,000 - 0	\$0.10	Oct. 20, 2013	–	–	–
JANZEN, James M. former CFO ⁽³⁾	1,000,000 - 0	\$0.10	Oct. 20, 2013	(4)	–	–
Directors						
JOHNSON, Brent H.	750,000 - 0	\$0.10	Oct. 20, 2013	–	–	–
WOLFF, J. Marvin	2,250,000 - 0	\$0.10	Oct. 20, 2013	–	–	–

(1) Amounts shown are for the entire financial year (even if the NEO or director was not an NEO or director for the entire year). The Company has not granted any Share based awards.

(2) Options are 'in the money' if the market price of the Shares is greater than the exercise price of the options. The value of such options is the product of the number of Shares multiplied by the difference between the exercise price and the closing market price of the Shares on the financial year end of \$0.03 per Share. Options which were not vested at the financial year end are not included in this value.

(3) P. (Perry) V. Rapagna replaced James M. Janzen as CFO on February 22, 2012.

(4) Expired in 2012.

The Board's approach to granting options is consistent with prevailing practice in the mineral exploration industry. Grants of options depend on the length of service of the NEO and directors. There are, therefore, no formulae followed or performance goals or significant conditions which must be met before options will be granted. Options are always granted at the prevailing market price of the Shares.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out, as at the end of the Company's previous financial year, information regarding outstanding options, warrants and rights (other than those granted *pro rata* to all Shareholders) granted by the Company under its equity compensation plans.

Plan Category	Number of Shares issuable upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted average exercise price of outstanding options, warrants and rights	Number of Shares remaining available for issuance under equity compensation plans ⁽²⁾
Equity compensation plans approved by Shareholders	8,500,000	\$0.10	9,826,065
Equity compensation plans not approved by Shareholders	0	–	–
Total	8,500,000	–	9,826,065

(1) All options to purchase Shares outstanding at the end of the financial year were fully vested.

(2) Excluding the number of Shares issuable upon exercise of outstanding options, warrants and rights shown in the second column.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the current or former (within the previous financial year) directors, executive officers or employees of the Company or any subsidiary are indebted to the Company or any subsidiary.

None of the current or former (within the previous financial year) directors and executive officers of the Company, proposed nominees for election as directors of the Company or associates of any such persons are, or at any time during the previous financial year have been, indebted to the Company, any subsidiary or to any third party to which the Company or any subsidiary have provided a guarantee, support agreement, letter of credit or other similar arrangement or understanding in connection with a securities purchase or other program.

INTEREST OF MANAGEMENT AND INSIDERS IN MATERIAL TRANSACTIONS

Grant to Republic Goldfields Inc. of Option to Acquire 55% of Mabel Property

Effective April 9, 2012, the Company entered into a Letter of Intent (“LoI”) with Republic Goldfields Inc. (“**Republic**”) outlining the terms and conditions of an option to acquire and, if exercised, subsequent joint venture, for the exploration and, if warranted, development and commercial operation, of the Company’s Mabel gold-silver project in northern Sonora State, Mexico. The project consists of the Mabel, Dana and Famosa properties held by the Company. The properties are subject to a variable net smelter returns royalty in favour of a previous owner which is currently set at 4%.

Pursuant to the LoI, Republic could acquire from the Company a 55% interest in the properties in consideration of the payment of \$450,000 (secured by a 6% promissory note maturing in six months) and the issuance of 250,000 common shares of Republic. Neither the payment nor share issuance has been made.

Republic is a reporting Ontario company based in Toronto, Ontario. Donald A. Empey, the CEO and a director of the Company, is also the CEO and a director of Republic. Mr. Empey abstained from voting on the approval of the LoI by the boards of directors of the Company and Republic. The transaction with Republic is subject to approval by the TSX-V.

Other Interests

None of the directors or executive officers of the Company, proposed nominee for election as a director of the Company, persons beneficially owning, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares nor any associate or affiliate of the foregoing persons has any other material interest, direct or indirect, in any transaction since the commencement of the Company's last two financial years or in any proposed transaction which has or will materially affect the Company.

REMUNERATION AND APPOINTMENT OF AN AUDITOR

The persons named in the enclosed Proxy will vote for the appointment of Collins Barrow Toronto LLP, Chartered Accountants, of Toronto, Ontario 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. Collins Barrow Toronto LLP was appointed the Company's auditor on February 17, 2012 in place of the former auditor, Edmund Cachia & Co. LLP, Chartered Accountants, of Toronto, Ontario. Attached to this Circular is a Notice of Change of Auditor and letters from the former and new auditor respecting such Notice.

MANAGEMENT CONTRACTS

Management services for the Company are not, to any material degree, performed by persons other than the executive officers of the Company.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

In addition to the ordinary business to be conducted at the Meeting, approval of the Shareholders is being sought for the following matters.

Stock Option Plan

The Board has established the Option Plan described under 'Executive Compensation – Stock Option Plan'.

The TSX-V requires stock option plans which reserve for issuance up to 10% (instead of a fixed number) of the issued Shares be approved annually by Shareholders. That approval is being sought at the Meeting by way of an ordinary resolution. Following approval of the Option Plan by the Shareholders, any options granted pursuant to the Option Plan will not require further Shareholder or TSX-V approval unless the exercise price is reduced.

The Board recommends that Shareholders vote in favour of the proposed resolution. The persons named in the accompanying Proxy as proxyholders intend to vote the Shares represented by Proxies in favour of this resolution.

Other Matters

The Company's management does not know of any other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Shares represented by the Proxies solicited hereby will be voted on such matters in accordance with the recommendations of management.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information for the Company's most previous financial year is provided in its comparative financial statements and MD&A, and are also available on the SEDAR website.

To request copies of the Company's financial statements and MD&A and any document to be approved at the Meeting, Shareholders may contact the Company as follows:

e-mail:	telecopier:	telephone:
dempey@pacificcomox.com	(+1) 416-977-8335	(+1) 416-977-4653

mail:
Suite 2300, One Dundas Street West, Box 13, Toronto, Ontario M5G 1Z3, Canada

DATED this 7th day of November 2012

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) DONALD A. EMPEY
President & Secretary

**CHARTER
FOR
THE AUDIT COMMITTEE
OF
THE BOARD OF DIRECTORS
OF
PACIFIC COMOX RESOURCES LTD.**

I. MANDATE

The Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Pacific Comox Resources Ltd. (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.

III. 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 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.

NOTICE OF CHANGE OF AUDITOR

**PACIFIC COMOX RESOURCES LTD.
(the "Corporation")**

TO: British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, B.C. V7Y 1L2

Alberta Securities Commission
Suite 600, 250-5th St. SW
Calgary, Alberta, T2P 0R4

Collins Barrow Toronto LLP
Collins Barrow Place
11 King Street West, Suite 700
Toronto, Ontario
M5H 4C7

Edmund Cachia & Co. LLP
61 Berkeley St
Toronto, ON
M5A 2W5

AND TO: The shareholders of the Corporation

Re: Pacific Comox Resources Ltd. - Notice of Change of Auditor Pursuant to NI 51-102, Section 4.11

WE HEREBY PROVIDE NOTICE that Edmund Cachia & Co. LLP, Chartered Accountants, ("Cachia") has elected to discontinue its practice of public company auditing and has asked to resign as auditor of the Corporation and that, on February 17, 2012, the Board of Directors of the Corporation accepted Cachia's resignation. In conjunction with this resignation, the Board of Directors appointed Collins Barrow Toronto LLP, Chartered Accountants, as the successor auditor of the Corporation effective February 17, 2012.

Pursuant to section 4.11 of National Instrument 51-102, *Continuous Disclosure Obligations*, the undersigned confirms that:

1. Cachia has agreed to resign on its own initiative as auditors of the Corporation;
2. The resignation of Cachia and appointment of Collins Barrow Toronto LLP as auditors were considered and approved by the Board of Directors of the Corporation;
3. There have been no reservations contained in Cachia's report on the consolidated financial statements of the Corporation for the fiscal year ended October 31, 2010. Cachia did not audit nor review any consolidated financial statements of the Corporation after October 31, 2010;
4. There have been no "reportable events" as defined in section 4.11 of NI 51-102.

DATED at Toronto, Ontario this 17th day of February, 2012.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Donald Empey"

Donald Empey
CEO and Director, Pacific Comox Resources Ltd.

February 17, 2012

British Columbia Securities Commission
Alberta Securities Commission

Dear Sirs/Mesdames:

Re: Pacific Comox Resources Ltd. – Change of Auditor

Pursuant to National Instrument 51-102 – Continuous Disclosure Obligations, we have reviewed the information contained in the Notice of Change of Auditor of Pacific Comox Resources Ltd. dated February 17, 2012 (the “Notice”) and, based on our knowledge of such information at this time, we agree with the statements made in the Notice.

Yours very truly,

Collins Barrow Toronto LLP

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
Toronto, Ontario



February 17, 2012

Alberta Securities Commission
British Columbia Securities Commission

Dear Sirs/Mesdames:

Re: Pacific Comox Resources Ltd. (the "Company") – Change of Auditor Notice pursuant to NI 51-102

We acknowledge receipt of a Notice of Change of Auditor (the "Notice") dated February 17, 2012 given by the Company to ourselves and Collins Barrow Toronto LLP.

Based on our information as of this date, we agree with the statements set out in the Notice.

Yours very truly,

"Edmund Cachia & Co. LLP"

Licensed Public Accountants
Chartered Accountants