

MANGAZEYA MINING LTD.

**NOTICE OF ANNUAL GENERAL MEETING
OF SHAREHOLDERS OF
MANGAZEYA MINING LTD.
TO BE HELD ON JUNE 27, 2016
AND
MANAGEMENT INFORMATION CIRCULAR**

May 26, 2016

MANGAZEYA MINING LTD.
Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands
Company No: 1620225

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Meeting**”) of the shareholders (each, a “**Shareholder**”) of Mangazeya Mining Ltd. (“**Mangazeya**”) will be held at 2010 Winston Park Drive, Suite 200, Oakville, Ontario, L6H 6P5, on June 27, 2016 at 11:00 a.m. (E.S.T.) for the purposes of:

1. receiving Mangazeya’s financial statements for the year ended December 31, 2015 and the report of the auditors thereon;
2. electing directors for the ensuing year;
3. appointing auditors and authorizing the directors to fix their remuneration; and
4. transacting such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The specific details of the matters to be put before the Meeting are set forth in the management information circular accompanying this Notice of Meeting.

Only holders of common shares and special shares of Mangazeya of record on May 17, 2016 are entitled to notice of and to vote at the Meeting. Shareholders who are unable to attend the Meeting, or any adjournment thereof, in person are requested to date, sign and return the enclosed form of proxy.

If shareholders are unable to attend the Meeting in person and wish to ensure that their shares will be voted at the Meeting, they must complete, date and sign the enclosed form of proxy, or another suitable form of proxy, and deliver it in accordance with the instructions set out in the form of proxy and in the Management Information Circular.

DATED this 26th day of May, 2016.

By Order of the Board of Directors

(Signed) “*Roman Kashuba*”

Roman Kashuba
Chief Executive Officer

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MANGAZEYA MINING LTD.

**Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands
Company No: 1620225**

MANAGEMENT INFORMATION CIRCULAR

Dated as of May 26, 2016

BVI Business Companies Act, 2004 of the British Virgin Islands

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Mangazeya Mining Ltd. (“**Mangazeya**” or “**Company**”) for use at the annual general meeting (the “**Meeting**”) of its shareholders to be held at 2010 Winston Park Drive, Suite 200, Oakville, Ontario, L6H 6P5, on June 27, 2016 at 11:00 a.m. (E.S.T.) for the purposes set forth in the accompanying notice of the Meeting.

The board of directors (the “**Board**”) has approved the contents and the sending of this Circular. All dollar amounts referred to herein are in Canadian currency unless otherwise indicated.

NOTICE REGARDING INFORMATION

The information contained in this Circular is given as at May 26, 2016, except where otherwise noted.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and Shareholders are urged to consult their own professional advisors in connection therewith.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of Mangazeya. The cost of solicitation by management of Mangazeya will be borne by Mangazeya. We have arranged for intermediaries to forward the meeting materials to Beneficial Shareholders of the common shares of Mangazeya (each a “**Mangazeya Share**”) held of record by those intermediaries and Mangazeya may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

Gary Quedado and David Moon, the individuals named in the accompanying form of proxy (“**Proxy Form**”), are external legal counsel for the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy Form (who is not required to be a shareholder), to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy Form or by completing and delivering another suitable form of proxy.**

Voting by Proxyholder

The persons named in the Proxy Form will vote or withhold from voting the Mangazeya Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any

matter to be acted upon, your Mangazeya Shares will be voted accordingly. The Proxy Form confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy Form, the management appointee acting as a proxyholder will vote in favour of each matter identified on the Proxy Form and, if applicable, for the nominees of management for directors and auditors as identified in the Proxy Form.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) delivering the completed proxy using the enclosed pre-addressed envelope provided for this purpose;
- (b) hand delivery to the Company's transfer agent, Computershare Trust Company of Canada ("Computershare") at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1;
- (c) over the internet by going to www.investorvote.com and following the instructions provided; or
- (d) telephone, by calling 1-866-732-VOTE (8683) (toll free within North America) or (312) 588-4290 (International);

in all cases ensuring that the proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Mangazeya Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of Mangazeya as the registered holders of Mangazeya Shares).

If Mangazeya Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Mangazeya Shares will not be registered in the shareholder's name on the company's records. Such Mangazeya Shares will more likely be registered under the names of intermediaries. In Canada, the vast majority of such Mangazeya Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms) and, in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders – those who object to their identity being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing their identity (called "**NOBOs**" for Non-Objecting Beneficial Owners).

Non-Objecting Beneficial Owners (NOBOs)

Mangazeya is taking advantage of those provisions of National Instrument 54-101 “Communication with Beneficial Owners of a Reporting Issuer” that permit it to deliver proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a scannable voting instruction form (“VIF”). The VIF is to be completed and returned to Computershare as set out in the instructions provided on the VIF. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Mangazeya Shares represented by the VIFs they receive.

These security holder materials are being sent to both registered and non-registered owners of the Mangazeya Shares. If you are a non-registered owner, and Mangazeya or its agent sent these materials directly to you, your name, address and information about your Mangazeya Shares were obtained in accordance with applicable securities regulatory requirements from the intermediary who holds Mangazeya Shares on your behalf.

By choosing to send these materials to you directly, Mangazeya (and not the intermediary holding your Mangazeya Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) carrying out your voting instructions. Please return your VIF as specified in the request for voting instructions that you receive.

Objecting Beneficial Owners (OBOs)

Beneficial Shareholders who are OBOs should carefully follow the instructions of their intermediary carefully to ensure that their Mangazeya Shares are voted at the Meeting.

The form of proxy that will be supplied by your broker will be similar to the Proxy Form provided to registered shareholders of Mangazeya. However, its purpose is limited to instructing the intermediary how to vote your Mangazeya Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge mails a VIF in lieu of a Proxy Form provided by the Company. The VIF will name the same persons as the Mangazeya’s Proxy Form to represent your Mangazeya Shares at the Meeting. You have the right to appoint a person (who need not be a shareholder of Mangazeya, and can be yourself), other than any of the persons designated in the VIF, to represent your Mangazeya Shares at the Meeting. To exercise the right, insert the name of the desired representative, who may be you, in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates results of all instructions received and provides appropriate instructions respecting voting of Mangazeya Shares to be represented at the Meeting and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, it must be returned to Broadridge, in accordance with Broadridge’s instructions, well in advance of the Meeting in order to: (a) have your Mangazeya Shares voted or to have an alternate representative duly appointed to attend and vote your Mangazeya Shares at the Meeting.**

Alternatively, you can request in writing that your broker send you a legal proxy which would enable you, or a person designated by you, to attend at the Meeting and vote your Mangazeya Shares.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder’s authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare Trust Company of Canada, at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the Chair of the

Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or

- (b) personally attending the Meeting and voting the registered shareholder's Mangazeya Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

Notice to Shareholders in the United States

The solicitation of proxies involves securities of an issuer listed in Canada and is being effected in accordance with the corporate laws of the Province of Ontario, Canada, corporate laws of the British Virgin Islands, securities laws of the Provinces of Canada and securities laws of the British Virgin Islands. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to Mangazeya or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the Provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the Provinces of Canada differ from the disclosure requirements under the United States securities laws.

The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that Mangazeya is incorporated in the British Virgin Islands, as amended, certain of its directors and its executive officers are residents of Russia, and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

Record Date

The Board has fixed May 17, 2016 as the record date ("**Record Date**") for determination of persons entitled to receive notice of and to vote at the Meeting. Only shareholders of record at the close of business on the Record Date who either: (i) attend the Meeting personally; or (ii) complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their shares voted at the Meeting.

Mangazeya's registrar and transfer agent, Computershare, will prepare an alphabetical list of Shareholders as of the Record Date showing the number of Mangazeya Shares held by each Shareholder. A Shareholder may examine the list during usual business hours at the offices of Computershare at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 and at the Meeting. Each Shareholder named in the list will be entitled to one vote per Mangazeya Share shown opposite his, her or its name on said list.

Voting Securities

Mangazeya is authorized to issue an unlimited number of no par value common shares of a single class. As at the date hereof, Mangazeya has outstanding 1,288,211,149 Mangazeya Shares, each of which carries one vote. As of the date of this Circular, the outstanding Mangazeya Shares are listed for trading on the NEX board of the TSX Venture Exchange under the symbol "MGZ". Mangazeya is also authorized to issue an unlimited number of special shares of no par value each (each, a "**Special Voting Share**"). As at the date hereof, Mangazeya has outstanding one Special Voting Share. The holder of the Special Voting Share is entitled to notice of and to attend and vote the number of votes equal to the total number of outstanding Exchangeable Shares (as defined below) at all meetings of Shareholders. As of the date hereof, there are 149,204 exchangeable Shares, held by persons other than by Mangazeya, CallCo (as defined below), or their affiliates, issued and outstanding exchangeable into 149,204 Mangazeya Shares. For further details regarding the Exchangeable Shares, please see "*Voting of Exchangeable Shares - General*" and "*Voting of Exchangeable Shares – Advice to Beneficial Holders of Exchangeable Shares*" below.

As at the date of this Circular, to the knowledge of the directors and executive officers of Mangazeya, the only persons or companies beneficially owning, or controlling or directing, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of the voting securities of Mangazeya are:

Name of Shareholder ⁽¹⁾	Number of Securities Owned or Controlled or Directed, Directly or Indirectly	Percentage of the Class of Outstanding Securities so Owned, Controlled or Directed
Mr. Sergey Yanchukov	1,143,222,462 Mangazeya Shares	88.74% ⁽²⁾

Notes:

1. The information set out above and below with respect to the number of Mangazeya Shares beneficially owned, controlled or directed, directly or indirectly, not being within the knowledge of Mangazeya, has been furnished by the relevant person and from insider reports available at www.sedi.ca.
2. Mr. Sergey Yanchukov beneficially owns, controls or directs, directly or indirectly, 1,143,222,462 Mangazeya Shares, representing approximately 88.74% of the votes entitled to be cast at the Meeting (including the votes entitled to be instructed by holders of Exchangeable Shares to be cast). The number of outstanding Mangazeya Shares for the purposes of determining the percentages set forth in the table above and the total number of votes entitled to be cast at the Meeting was calculated as at the date of this Circular. Mr. Yanchukov owns all 1,143,222,462 Mangazeya Shares through Mangazeya Center LLC.

Voting of Exchangeable Shares - General

On October 20, 2011, Mangazeya and Century Mining Corporation (“**Century**”) completed a business combination (the “**Business Combination**”) by way of a plan of arrangement (the “**Plan of Arrangement**”), resulting in 7918534 Canada Inc. (“**AcquisitionCo**”), a subsidiary of Mangazeya, acquiring all of the issued and outstanding common shares of Century (the “**Century Shares**”). Pursuant to an amended and restated arrangement agreement dated as of August 9, 2011 (the “**Arrangement Agreement**”), among Mangazeya, Century and AcquisitionCo, each Century Share issued and outstanding immediately prior to the closing of the Business Combination, other than Century Shares held by dissenting shareholders, was exchanged for either 0.40 of a Mangazeya Share or 0.40 of a non-voting exchangeable share in the capital of AcquisitionCo (each whole exchangeable share, an “**Exchangeable Share**”). The Exchangeable Shares are exchangeable into Mangazeya Shares, on a one-for-one basis, at any time upon the election of the holder thereof and will be automatically exchanged in certain circumstances up to five years after issuance. Each Exchangeable Share carries, to the extent practicable, economic and voting rights equivalent to those of a Mangazeya Share.

Pursuant to the Voting and Exchange Trust Agreement among Mangazeya, AcquisitionCo, 7918526 Canada Ltd. (“**CallCo**”), and Computershare (formerly “Valiant Trust Company”) dated October 20, 2011 (the “**Voting Agreement**”), the holders of Exchangeable Shares, other than Exchangeable Shares held by Mangazeya, CallCo, or their affiliates, have been provided with contractual voting rights exercised through Computershare, as trustee, entitling such holders to vote at the Meeting as if they held Mangazeya Shares. The voting rights attached to the Exchangeable Shares will be voted at the Meeting by Computershare through its legal ownership of the Special Voting Share. Pursuant to the Voting Agreement, the number of votes attached to the Special Voting Share shall equal the number of outstanding Exchangeable Shares. The procedures for voting the contractual voting rights provided to holders of Exchangeable Shares are set out in the Voting Agreement which can be accessed on Mangazeya’s profile on the System for Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com.

Voting of Exchangeable Shares – Advice to Beneficial Holders of Exchangeable Shares

Pursuant to the terms of the Exchangeable Shares, each holder of Exchangeable Shares, other than Exchangeable Shares held by Mangazeya, CallCo, or their affiliates, will have the economic rights and voting attributes equivalent to those of the Mangazeya Shares. Pursuant to the Voting Agreement, Computershare holds the Special Voting Share, as trustee, for the benefit of the holders of the Exchangeable Shares. The Special Voting Share carries a number of votes, exercisable at any meeting at which holders of Mangazeya Shares are entitled to vote, equal to the number of Mangazeya Shares (rounded down to the nearest whole number) into which the Exchangeable Shares are then exchangeable multiplied by the number of votes to which the holder of one Mangazeya Share is then entitled.

Each holder of an Exchangeable Share on the record date for any meeting at which holders of Mangazeya Shares are entitled to vote will be entitled to instruct Computershare to exercise that number of votes attached to the Special

Voting Share which relate to the Exchangeable Shares held by such holder. Computershare will exercise each vote attached to the Special Voting Share only as directed by the relevant holder and, in the absence of instructions from a holder as to voting, will not exercise such votes.

All rights of a holder of Exchangeable Shares to exercise votes attached to the Special Voting Share will cease upon the exchange of all such holder's Exchangeable Shares for Mangazeya Shares.

QUORUM

A meeting of Shareholders is duly constituted if, at the commencement of the meeting, there are present in person or by proxy not less than two (2) Shareholders entitled to vote on resolutions of the shareholders to be considered at the Meeting.

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described in the accompanying form of proxy.

CURRENCY

Unless otherwise indicated, all references in this Circular to "Dollars" and "\$" are to the lawful currency of Canada. The following table reflects the rate of exchange for Russian rubles to Canadian Dollars ("\$") and United States dollars (US\$) to Canadian Dollars. The rate of exchange used to convert: (i) the Russian ruble to the Canadian Dollar; and (ii) the United States Dollar to the Canadian Dollar, is quoted from Bank of Canada noon exchange rate:

Currency	As at December 31, 2014	As at December 31, 2015	As at May 17, 2016
1 Russian ruble on specified date in Dollars	\$0.0199	\$0.0189	\$0.0120
1 United States dollar on specified date in Dollars	\$1.1601	\$1.3840	\$1.2885

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in this Circular and the accompanying Notice. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO THE MANAGEMENT OF MANGAZEYA SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

1. ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

The audited consolidated financial statements of Mangazeya for the fiscal year ended December 31, 2015 and the report of the auditors thereon will be submitted to the Meeting. Receipt at the Meeting of the auditors' report and Mangazeya's financial statements for its last completed fiscal year will not constitute approval or disapproval of any matters referred to therein.

2. ELECTION OF DIRECTORS

The Articles of Association of Mangazeya provide that the Board must consist of a minimum of three and a maximum of fifteen directors. The term of office of each of the present directors expires at the close of the Meeting. At the Meeting, Shareholders will be asked to elect five (5) directors of Mangazeya for a term to expire at the next annual meeting of Shareholders or until the successors of such directors are elected or appointed. Unless otherwise directed, the persons named in the accompanying form of proxy intend to vote in favour of the election to the Board of the nominees (the "Nominees") whose names are set forth below.

The following table states the names of the members of the Nominees, any offices with Mangazeya currently held by them, their present principal occupations and business or employment of each Nominee within the preceding five years, the period or periods of service as directors of Mangazeya and the approximate number of voting securities of Mangazeya beneficially owned, directly or indirectly, or over which control or direction is exercised as of the date hereof.

Name and Municipality of Residence	Principal Occupation or Employment and Principal Occupation or Employment for the past 5 years	Director Since	Number of Voting Securities Owned ⁽¹⁾
Sergey Yanchukov⁽²⁾ Moscow, Russia <i>Chairman & Director</i>	Founder of Mangazeya Financial Company Ltd. (investment firm); Chief Executive Officer of MKD-Group LLC; Chief Executive Officer, Corporate Secretary and Chief Operating Officer of Mangazeya Mining Ltd from October 2014 to April 2016 and May 2013 to November 2013; Chief Executive Officer of Mangazeya Center Ltd. from February 2014; Private Investor	March 11, 2013	1,143,222,462
Liudmila Arutyunyan⁽³⁾ Moscow, Russia <i>Director</i>	Chief Financial Officer of Mangazeya from April 2015 to April 2016; Financial Director of the Oil and Gas Department of Mangazeya Center LLC from October 2014 to present; Financial Director of Oil Company Mangazeya OJSC from January 2013 to September 2014; Chief of the Financial Department for Cryogas JSC from November 2004 to January 2013.	April 5, 2016	Nil
Dmitry Karelin Moscow, Russia <i>Director</i>	Head of the Legal Department of Mangazeya Center LLC since March 2014; Legal Counsel for ZAO Soyuzmetallresurs from May 2011 to March 2014; Deputy Director of Legal Affairs of Zhirekensky Mining Processing Plant OAO from January 2008 to May 2011.	April 5, 2016	Nil
Igor Omelchenko⁽³⁾ Moscow, Russia <i>Director</i>	Partner at Agora Capital Partners (a private equity and asset management company) from December 2009; Founding Partner and Managing Director at United Capital Partners (a private equity and asset management company) from June 2006 to December 2009.	April 2, 2013	Nil
Gerald Rohan⁽³⁾ Moscow, Russia <i>Director and Chair of the Audit Committee</i>	Chief Executive Officer of Rohan Global Consulting from 2007 to Present; Professor at Moscow State University from January 2011 to Present; Independent Non-Executive Director of IGSS, a Russian land-based seismic company, since June 2014.	April 1, 2016	Nil

Notes:

1. The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of Mangazeya, has been furnished by the respective nominees individually.

2. Current member of the Remuneration Committee.
3. Current member of the Audit Committee.

As of the date of this Circular, the Nominees, as a group, directly or indirectly, beneficially own or exercise control or direction over 1,143,222,462 Mangazeya Shares, representing approximately 88.74% of the issued and outstanding Mangazeya Shares.

Corporate Cease Trade Orders or Bankruptcies

To the best of Mangazeya's knowledge, none of the Nominees are, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including Mangazeya) that:

- (a) while that person was acting in that capacity, was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the Nominee ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

To the best of Mangazeya's knowledge, none of the Nominees are, or within the ten years prior to the date hereof has been, a director or executive officer of any company (including Mangazeya) 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.

Personal Bankruptcies

To the best of Mangazeya's knowledge, none of the Nominees has, during the 10 years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his other assets.

Penalties or Sanctions

To the best of Mangazeya's knowledge, none of the Nominees has been subject to:

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

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE ELECTION OF THE NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE RELEVANT PROXY THAT HIS, HER OR ITS MANGAZEYA SHARES OR EXCHANGEABLE SHARES, AS APPLICABLE, ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. Management has no reason to believe that any of the Nominees will be unable to serve as a director but, if a Nominee is for any reason unavailable to serve as a director, proxies in favour of management will be voted in favour of the remaining Nominees and may be voted for a substitute Nominee unless the Shareholder has specified in the relevant proxy that his or her Mangazeya Shares or Exchangeable Shares, as applicable, are to be withheld from voting in respect of the election of directors.

3. APPOINTMENT OF AUDITORS

The current auditors of Mangazeya are BDO Unicon AO, who were appointed as Mangazeya's auditors on December 7, 2015. More information regarding the appointment of BDO Unicon AO as Mangazeya's auditors can be found in the Notice of Change of Auditor filed on SEDAR on December 11, 2015. At the Meeting, Shareholders will be requested to re-appoint BDO Unicon AO as Mangazeya's auditors to hold office for the ensuing year at a remuneration to be fixed by the Board.

The re-appointment of BDO Unicon AO, as auditors of Mangazeya for the ensuing year at a remuneration to be fixed by the Board must be approved by a majority of the votes cast at the Meeting.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REAPPOINTMENT OF BDO UNICON AO, CHARTERED ACCOUNTANTS, AS THE AUDITORS OF MANGAZEYA UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND TO AUTHORIZE THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE RELEVANT PROXY THAT HIS, HER OR ITS MANGAZEYA SHARES OR EXCHANGEABLE SHARES, AS APPLICABLE, ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

STATEMENT OF EXECUTIVE COMPENSATION

Named Executive Officers

The purpose of this Compensation Discussion and Analysis ("CD&A") is to provide information about Mangazeya's executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to Mangazeya's senior officers, being the four (4) identified named executive officers (the "NEOs") at the end of 2015. The NEOs of Mangazeya who are the focus of the CD&A and who appear in the executive officer compensation tables of this Circular are: (i) Sergey Yanchukov, who was the CEO, Corporate Secretary and Chief Operating Officer ("COO") from October 14, 2014 to April 1, 2016; (ii) Liudmila Arutyunyan, who was Chief Financial Officer ("CFO") from April 1, 2015 to April 1, 2016; (iii) Irina Shakhaliyeva, who was the CFO from July 31, 2014 to February 27, 2015; and (iv) Pavel Vlasjuk, who was CFO from February 27, 2015 to April 1, 2015.

Compensation Discussion and Analysis

The Remuneration Committee of the Board is responsible for ensuring that Mangazeya has in place an appropriate plan for executive compensation and for making recommendations to the Board with respect to the compensation of Mangazeya's executive officers. The Remuneration Committee ensures that total compensation paid to all NEOs is fair and reasonable and is consistent with Mangazeya's compensation philosophy.

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. Mangazeya's compensation philosophy is to foster entrepreneurship at all levels of the organization through the ownership of Mangazeya Shares by way of Bonus Shares or options.

Stock Option Plan

The Board approved the stock option plan (the "Stock Option Plan"), effective November 11, 2010, and approved by Shareholders on December 9, 2010 and June 28, 2013. Should Mangazeya reactivate on the TSX Venture Exchange, Mangazeya intends to submit the Stock Option Plan to Shareholders for their approval. The following is a summary of the material terms of the Stock Option Plan:

Under the Stock Option Plan, options may be granted to Eligible Persons. The term "Eligible Person" includes, subject to all applicable laws, directors, officers, employees and consultants of Mangazeya, an Affiliated Entity (as defined below), or a company providing management or administrative consulting services to Mangazeya, and

certain “**Permitted Assigns**” of the foregoing persons, including: (i) a trustee, custodian, or administrator acting on behalf of, or for the benefit of, such person; (ii) a personal holding company of such a person; (iii) an RRSP or a RRIF established by or for such a person under which such a person is the beneficiary; (iv) a spouse of such a person; (v) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of such a person; (vi) a personal holding corporation of the spouse of such a person; or (vii) an RRSP or an RRIF established by or for the spouse of such a person under which the spouse of such person is the beneficiary. An “**Affiliated Entity**” means a person or company that is controlled by Mangazeya.

The number of Mangazeya Shares (i) issued to insiders of Mangazeya, within any one-year period and (ii) issuable to insiders of Mangazeya, at any time, under the Stock Option Plan, or when combined with all of Mangazeya’s other security-based compensation arrangements (including the Share Bonus Plan if approved), shall not exceed 10.0% of Mangazeya’s total issued and outstanding Mangazeya Shares, respectively (the “**Participation Limit**”).

The Stock Option Plan must be administered by the Board or, in the Board’s discretion, a committee appointed by the Board for that purpose.

The aggregate number of Mangazeya Shares which may be issued under the Stock Option Plan shall not exceed 10.0% of the aggregate number of Mangazeya Shares issued and outstanding (calculated on a non-diluted basis) from time to time. Any option granted under the Stock Option Plan which has been exercised or which, for any reason, is surrendered, cancelled or terminated or expires without having been exercised shall again be available for subsequent grant under the Stock Option Plan, effectively resulting in a re-loading of the number of Mangazeya Shares available for grant under the Stock Option Plan. Except for the Participation Limit, the Stock Option Plan does not provide for a maximum number of Mangazeya Shares which may be issued to an individual pursuant to the Stock Option Plan and any other share compensation arrangement (expressed as a percentage or otherwise).

The purchase price (the “**Price**”) per Mangazeya Share subject to each option shall be determined by the Board (or committee appointed by the Board). The Price shall not be lower than the closing market price on the TSX, or another stock exchange where the majority of the trading volume and value of the Mangazeya Shares occurs, on the trading day immediately preceding the date of the grant, or if not so traded, the average between the closing bid and asked prices thereof as reported for the trading day immediately preceding the date of the grant; provided that if the Mangazeya Shares have not traded on the TSX or another stock exchange for an extended period of time, the “market price” will be the fair market value of the shares at the time of grant, as determined by the Board (or committee appointed by the Board). The Board (or committee appointed by the Board) may determine that the Price may escalate at a specified rate dependent upon the date on which an option may be exercised by the Eligible Person.

Options shall not be granted for a term exceeding ten years (the “**Option Period**”). Options may be exercised by an Eligible Person in whole at any time, or in part from time to time, during the Option Period, subject to the provisions of the Stock Option Plan. Generally, options granted under the Stock Option Plan may not be assigned or otherwise transferred by an Eligible Person other than to certain other Eligible Persons and Permitted Assigns or pursuant to a will or by the laws of descent and distribution. However, pursuant to the amendment provision of the Stock Option Plan, the Board has the authority to amend the assignability and transferability provisions of the Stock Option Plan generally or any options granted to any Eligible Person.

Options granted under the Stock Option Plan may vest at the discretion of the Board (or committee appointed by the Board).

If the termination date of an option falls during or within three business days of a blackout period, during which the policies of Mangazeya prevent persons in a “special relationship” with Mangazeya from trading in the securities of Mangazeya, the expiry date for the option will be extended for an additional period expiring on the tenth business day following the end of the blackout period.

By its terms, the Stock Option Plan may be amended by the Board without further approval of the Shareholders, to the extent that such amendments relate to: (a) complying with the requirements of any applicable regulatory authority; (b) complying with the rules, policies and notices of the TSX or of any stock exchange on which Mangazeya’s securities are listed; (c) altering, extending or accelerating the terms and conditions of vesting of any

options; (d) extending the term of options held by a person other than a person who, at the time of the extension, is an insider of Mangazeya, provided that options shall not be granted for a term exceeding ten years; (e) determining, subject to all applicable regulatory requirements, that the provisions of the Stock Option Plan concerning the effect of termination of a participant's status as an Eligible Person shall not apply to a participant for any reason acceptable to the Board; (f) accelerating the expiry date of any options; (g) amending the definitions contained within the Stock Option Plan; (h) amending the categories of persons who are Eligible Persons and entitled to be granted options pursuant to the Stock Option Plan; (i) allowing the grant of short-term financial assistance to participants for the purpose of exercising options granted hereunder, subject to compliance with all applicable regulatory requirements; (j) authorizing the addition or modification of a cashless exercise feature, payable in cash or Mangazeya Shares, which provides for a full deduction of the number of underlying securities from the Stock Option Plan reserve; (k) the assignability or transferability of options, with respect to Eligible Persons generally and/or with respect to any participant; (l) amending or modifying the mechanics of exercise of options; and (m) amendments of a "housekeeping" nature, including, without limitation, amending the wording of any provisions of the Stock Option Plan for the purpose of clarifying the meaning of existing provisions or to correct or supplement any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan.

Notwithstanding the above, Shareholder approval would be required with respect to amendments that relate to any of the following: (a) a reduction in the price or extension of the term of options granted to an insider of Mangazeya; (b) an increase in the fixed percentage of the issued and outstanding Mangazeya Shares issuable under the Stock Option Plan; (c) any amendment to remove or to exceed the Participation Limit; and (d) changes to the amendment provisions of the Stock Option Plan.

The Board may terminate the Stock Option Plan at any time.

In the event of the death of an Eligible Person prior to an option's expiry date, the option may be exercised by the legal representatives of such participant at any time up to and including the date which is the first anniversary of the date of death of such participant or the expiry date of such option, whichever is the earlier, after which the option shall in all respects cease and terminate. In the event an Eligible Person resigns as an employee or officer of Mangazeya or an Affiliated Entity or resigns, is removed or otherwise ceases to be a shareholder of the Board or of the board of directors of an Affiliated Entity (other than upon the death of such Eligible Person), all options granted to such Eligible Person which are then outstanding (whether vested or unvested) shall cease and terminate 90 days after such resignation, removal or other cessation of the term of office of the Eligible Person. In the event an Eligible Person (a) is an employee or officer of Mangazeya or an Affiliated Entity and is discharged by reason of a wilful and substantial breach of such person's employment duties, or (b) is a consultant to Mangazeya and the agreement or engagement between Mangazeya and such consultant is terminated by either party, all options granted to such Eligible Person under the Stock Option Plan which are then outstanding (whether vested or unvested) shall cease and terminate in accordance with the provisions of the Stock Option Plan, unless, under the terms of the Stock Option Plan, the Board (or committee appointed by the Board) waives such provisions. In the event of a termination of employment or engagement of an Eligible Person (including the expiry of an agreement or engagement between Mangazeya and a consultant) other than in the event of death or in the circumstances set out above, such Eligible Person may exercise each option then held by such participant under the Stock Option Plan at any time up to and including the 90th day (or such later date as the Board, or committee appointed by the Board, in its sole discretion may determine) following the effective date upon which the participant ceases to be an Eligible Person or the expiry date of such option, whichever is earlier, after which time the option shall in all respects cease and terminate.

The Stock Option Plan contains provisions for adjustment of the number of Mangazeya Shares issuable thereunder in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or Mangazeya Shares. Currently, the Stock Option Plan does not contain any provision for financial assistance by Mangazeya in respect of options granted under the plan.

Share Bonus Plan

To complement the stock option plan of Mangazeya, a share bonus plan (the "**Share Bonus Plan**") was approved by Shareholders on June 26, 2012. Should Mangazeya reactivate on the TSX Venture Exchange, Mangazeya intends to

submit the Share Bonus Plan to Shareholders for their approval. The following is a summary of the material terms of the Share Bonus Plan:

The purpose of the Share Bonus Plan is to encourage ownership of Mangazeya Shares by directors, senior officers, employees and consultants of Mangazeya and its designated affiliates, who are primarily responsible for the management and growth of its business, and to advance the interests of Mangazeya by providing additional incentive for superior performance by such persons and to enable Mangazeya and its designated affiliates to attract and retain valued directors, officers, employees and consultants.

The maximum number of Mangazeya Shares issuable under the Share Bonus Plan (each a “**Bonus Share**”) is the lesser of: (i) 15,000,000 Mangazeya Shares; and (ii) 3% of the aggregate number of issued and outstanding Mangazeya Shares (calculated on a non-diluted basis) from time to time.

The number of Mangazeya Shares (i) issued to insiders of Mangazeya, within any one-year period and (ii) issuable to insiders of Mangazeya, at any time, under the Stock Option Plan, or when combined with all of Mangazeya’s other security-based compensation arrangements (including the Share Bonus Plan), shall not exceed 10.0% of the total issued and outstanding Mangazeya Shares, respectively.

When awarding Bonus Shares under the Share Bonus Plan, consideration is given to the number of options, under the Stock Option Plan and the number of Mangazeya Shares that would be held by an individual after the award under consideration is made. In determining the individual awards, consideration is given to the following factors: the employee’s, consultant’s, director’s or senior officer’s performance and contribution to Mangazeya’s success, relative position, years of service and past equity grants.

Under the terms of the Share Bonus Plan, Bonus Shares may be issued to directors, senior officers, employees and consultants of Mangazeya and its affiliates as designated from time to time by the Board.

The right to participate in the Share Bonus Plan is non-assignable and non-transferable, other than pursuant to a will or by the laws of descent and distribution.

The Share Bonus Plan contains provisions for adjustment in the number of Mangazeya Shares issuable thereunder in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or Mangazeya Shares. Subject to the approval of the applicable stock exchanges, regulatory authorities, and, in certain cases, the approval of Shareholders, the Board may from time to time amend or revise the terms of the Share Bonus Plan or may terminate the Share Bonus Plan at any time. Specifically, pursuant to the Share Bonus Plan, Shareholder approval will be required for any amendment, modification or change to the provisions of the Share Bonus Plan which would:

1. materially increase the benefits under the Share Bonus Plan;
2. increase the number of Mangazeya Shares (other than in the event there is any change in the Mangazeya Shares, whether by reason of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or otherwise which may be issued pursuant to the Share Bonus Plan) which may be issued pursuant to the Share Bonus Plan; or
3. materially modify the requirements as to eligibility for participation in the Share Bonus Plan

Additionally, in the event that on the date of any such amendment the Mangazeya Shares are listed on the TSX, TSX policies prescribe that the following amendments be approved by Shareholders:

1. an increase to the Share Bonus Plan’s maximum; or
2. amendments to provisions granting additional powers to the Board to amend the Share Bonus Plan or entitlements thereunder.

Remuneration Committee Skills and Experience

As a whole, the Remuneration Committee, following the Meeting, is expected to be comprised of directors who have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to making informed decisions on the suitability of Mangazeya's compensation policies and practices. Set out below is a brief summary the relevant skills and experience for Mr. Yanchukov, currently the sole member of the Remuneration Committee:

- Mr. Yanchukov is the founder of Mangazeya Financial Company Ltd., an investment and brokerage firm based in Moscow, Russia that focuses on brokerage and asset management services for corporate and individuals. In this capacity, Mr. Yanchukov gained experience and skills in supervising compensation matters. Mr. Yanchukov also served as the Chief Executive Officer of MKD-Group LLC. In addition, Mr. Yanchukov was a director of Red Tiger Mining Inc., a copper and near-term gold producer listed on the TSX Venture Exchange. Mr. Yanchukov also focuses on private equity investments with emphasis on the high growth opportunities, including early stage companies and business restructurings.

Base Salaries

Mangazeya provides senior officers with base salaries which represent their minimum compensation for services rendered during the most recently completed financial year. NEOs' base compensation depends on the scope of their experience, responsibilities, leadership skills, performance, length of service, general industry trends and practices, competitiveness and Mangazeya's existing financial resources. Mangazeya did not establish any quantifiable criteria during the most recently completed financial year with respect to base compensation payable or the amount of equity compensation granted to Mangazeya NEOs and did not benchmark against a peer group of companies.

Options

Mangazeya options are awarded to Eligible Persons of Mangazeya by the Board, on the basis of the recommendation of the Remuneration Committee. Decisions with respect to options granted are based upon the individual's level of responsibility and their contribution towards Mangazeya's goals and objectives and additionally, may be awarded in recognition of the achievement of a particular goal or extraordinary service. The Board considers the overall number of Mangazeya options that are outstanding relative to the number of outstanding Mangazeya Shares in determining whether to make any grants of Mangazeya options and the size of grants. As of the date hereof, no options have been granted under the Stock Option Plan.

The following table provides information as of December 31, 2015 with respect to the number of options to acquire Mangazeya Shares that may be issued under the Stock Option Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	Nil	Nil	Nil ⁽¹⁾
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	Nil	Nil	Nil

Notes:

1. The Stock Option Plan is a rolling 10% plan and, as at December 31, 2015, there were 1,288,211,149 Mangazeya Shares issued and outstanding.

Managing Compensation-Related Risk

Although Mangazeya does not have a formal policy relating to the management of compensation-related risk, the Board and, as applicable, the Remuneration Committee, consider and assess, as necessary, risks relating to compensation prior to entering into or amending employment contracts with NEOs and when setting the compensation of directors. The Board and the Remuneration Committee believe that Mangazeya's compensation policies and practices are appropriate for its industry, stage of business and geographic focus and that such policies and practices do not have associated with them any risks that are reasonably likely to have a material adverse effect on Mangazeya or which would encourage a NEO to take any inappropriate or excessive risks. The Remuneration Committee will continue to review Mangazeya's compensation policies, including its compensation-related risk profile, as necessary, to ensure its compensation policies and practices are not reasonably likely to have a material adverse effect on Mangazeya or encourage a NEO to take any inappropriate or excessive risks, and may consider adopting a formal policy in this regard in the future, if necessary.

Restrictions on Financial Instruments

Mangazeya does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, management is not aware of any NEO or director purchasing such an instrument.

Director and Named Executive Officer Compensation, excluding Compensation Securities

The following table is a summary of compensation (excluding compensation securities) paid, awarded to or earned by the individuals who were NEOs and any directors who were not a NEOs during fiscal 2015 for services rendered in all capacities to Mangazeya during the fiscal years ended December 31, 2015 and 2014.

Table of Compensation Excluding Compensation Securities							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of All other Compensation (\$)	Total Compensation (\$)
Sergey Yanchukov ⁽¹⁾ <i>Former CEO, Corporate Secretary and COO. Director</i>	2015 2014	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Liudmila Arutyunyan ⁽²⁾ <i>Former CFO</i>	2015 2014	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Irina Shakhaliyeva ⁽³⁾ <i>Former CFO</i>	2015 2014	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Pavel Vlasjuk ⁽⁴⁾ <i>Former CFO</i>	2015 2014	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Roman Kashuba ⁽⁵⁾ <i>Former Director</i>	2015 2014	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Igor Omelchenko ⁽⁶⁾ <i>Director</i>	2015 2014	\$69,200 Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- Mr. Yanchukov was the CEO, Corporate Secretary and COO from October 14, 2014 to April 1, 2016. He has been a Director since March 11, 2013.

2. Ms. Arutyunyan was the CFO from April 16, 2015 to April 1, 2016. She was appointed to the Board on April 5, 2016.
3. Ms. Shakhaliyeva was the CFO from July 31, 2014 to February 27, 2015.
4. Mr. Vlasyuk was the CFO from February 27, 2015 to April 1, 2016.
5. Mr. Kashuba was a Director from December 3, 2014 to April 1, 2016. On April 1, 2016, Mr. Kashuba was appointed as the CEO, Corporate Secretary and COO.
6. Mr. Omelchenko received US\$50,000 for his services as a director and Chair of the Audit Committee. The compensation has been stated in Dollars based on the Bank of Canada noon exchange rate on December 31, 2015, which was US\$ dollar/Dollar = \$1.3840.

Stock Option and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each NEO and director by Mangazeya or one of its subsidiaries for the fiscal year ended December 31, 2015.

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion Price or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date (\$)
Sergey Yanchukov <i>Former CEO, Corporate Secretary and COO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Liudmila Arutyunyan <i>Former CFO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Irina Shakhaliyeva <i>Former CFO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Pavel Vlasyuk <i>Former CFO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Roman Kashuba <i>Former Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Igor Omelchenko <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

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Exercise of Compensation Securities by Directors and NEOs

The following table discloses all compensation securities exercised by each NEO and director of Mangazeya of compensation securities for the fiscal year ended December 31, 2015.

Exercise of Compensation Securities by Directors and NEOs							
Name and Position	Type of Compensation Security	Number of Underlying Securities Exercised	Exercise Price per Security (\$)	Date of Exercise (\$)	Closing Price per Security on the date of Exercise (\$)	Difference Between Exercise Price and Closing Price on date of exercise (\$)	Total Value on Exercise Date (\$)
Sergey Yanchukov <i>Former CEO, Corporate Secretary and COO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Liudmila Arutyunyan <i>Former CFO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Irina Shakhaliyeva <i>Former CFO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Pavel Vlasjuk <i>Former CFO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Roman Kashuba <i>Former Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Igor Omelchenko <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Pension Plan Benefits

Mangazeya does not have any pension plan benefits in place for NEOs.

Termination and Change of Control Benefits

Mangazeya has no plan or arrangement with respect to compensation to its executive officers which would result from the resignation, retirement or any other termination of the executive officers' employment with Mangazeya or any subsidiary or from a change of control of the Company or any subsidiary of the Company or a change in the executive officers' responsibilities following a change in control, except as described herein.

Employment, Consulting and Management Agreements

Mangazeya does not have any employment, consulting or management agreements with its NEOs. Mr. Omelchenko entered into a director services agreement (“**Director Agreement**”) with Mangazeya, dated May 1, 2015, relating to Mr. Omelchenko’s appointment as a director and Chair of the Audit Committee. Under the Director Agreement, Mr. Omelchenko earned a fee of US\$50,000 for one year of service. The Director Agreement terminates upon one month’s written notice by either party. The Director Agreement may also be terminated if Mr. Omelchenko ceases to be a Director of Mangazeya. The Director Agreement did not provide for any payments to be made to Mr. Omelchenko upon a change of control of Mangazeya.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board and senior management consider good corporate governance to be central to the effective and efficient operation of Mangazeya. The Board has confirmed Mangazeya’s strategic focus is on gold mineral properties in the Russian Federation with demonstrated potential for hosting economic gold deposits.

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires Mangazeya to disclose its corporate governance practices by providing in this Circular the disclosure required by Form 58-101F2. National Instrument 58-201 - *Corporate Governance Guidelines* (“**NI 58-201**”) establishes corporate governance guidelines which apply to all public companies. Mangazeya has reviewed its own corporate governance practices in light of these guidelines. In certain cases, Mangazeya’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for Mangazeya at its current stage of development and therefore not all of these guidelines have been adopted.

Form 58-101F2 - Corporate Governance Disclosure

Board of Directors

The Board is currently composed of five (5) directors, all of whom are Nominees. NI 58-201 suggests that the board of directors of every listed corporation should be constituted with a majority of individuals who qualify as independent directors under National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the corporation. “Material relationship” is defined a relationship which could, in the view of the corporation’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment. The Board currently consists of two (2) independent director and three (3) non-independent directors.

Of the Nominees, Mr. Yanchukov is not independent under NI 52-110 by virtue of having a “material relationship” with the Corporation through his former position as Chief Executive Officer, Corporate Secretary and Chief Operating Officer. In addition, Mr. Yanchukov beneficially owns a controlling interest in Mangazeya and is not independent under NI 52-110 by virtue of having a “material relationship” with Mangazeya. Ms. Arutyunyan is not independent under NI 52-110 by virtue of having a “material relationship” with Mangazeya through her former position as Chief Financial Officer of Mangazeya. Mr. Karelin is not independent under NI 52-110 by virtue of having a “material relationship” with Mangazeya through his role as the Head of the Legal Department of the Mangazeya LLC. Messrs. Omelchenko and Rohan are considered to be independent within the meaning of NI 52-110.

The independent members of the Board have the ability to meet as a group, usually after a Board meeting or an Audit Committee meeting (all of the independent directors are members of the Audit Committee). In addition, where a matter or issue before the Board warrants a free and candid discussion amongst the independent directors, the Chairman may request one or more members of the management team or non-independent directors to withdraw during the discussions. The independent directors may also call meetings of the independent directors at the request of any independent director. Furthermore, the independent directors are encouraged to speak to each other on an ad-hoc basis.

The Board facilitates its independence from the management team, in appropriate circumstances by: (a) allowing directors to engage outside advisors at the expense of the Company; and (b) allowing directors to engage independent legal counsel at the expense of the Company.

In assessing Form 58-101F2 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

Directorships

The following table sets forth the current and proposed directors of Mangazeya who currently hold directorships with other reporting issuers:

Name of Director	Reporting Issuer	Reporting Jurisdiction
Igor Omelchenko	Red Tiger Mining Inc. (RMN)	Canada – TSX Venture Exchange
Gerald Rohan	IG Seismic Services (IGSS)	United Kingdom – London Stock Exchange

Board Mandate

Pursuant to its mandate, the Board is responsible for the general supervision of the activities and management of the business and affairs of Mangazeya and acting in the best interests of Mangazeya. The Board assumes responsibility for the stewardship of Mangazeya, including the following: establishing committees of the Board and approving and re-assessing the adequacy of their respective mandates; assigning responsibilities to committees of the Board for developing Mangazeya's approach to the nomination of directors, enhancement of governance, matters relating to compensation of the Board and Mangazeya's executive officers and matters relating to financial reporting and internal controls; maintaining a code of business conduct and ethics (the "Code") for directors, officers and employees and monitoring compliance with the Code and approving any waivers from the Code for executive officers and directors; ensuring that an appropriate orientation and education program for new directors is in place; approving the nomination of directors; establishing an appropriate system of corporate governance including practices to ensure that the Board functions independently of management; adopting a strategic planning process and approving, on at least an annual basis, a strategic plan taking into account, among other things, the business opportunities and business risks and monitoring the performance of Mangazeya against the strategic plan; approving the annual operating and capital budget, including a business plan of Mangazeya; and reviewing with management of Mangazeya, and approving, all material transactions and agreements to be entered into by Mangazeya outside of the ordinary course of business of Mangazeya and all fundamental changes to the business of Mangazeya. The Board shall review, assess and update its mandate at least annually, as conditions dictate.

Orientation and Continuing Education

The Board does not have a formal orientation or education program for its members. The Board's continuing education is typically derived from correspondence with Mangazeya's legal counsel to remain up to date with developments in relevant corporate and securities law matters.

Code of Business Conduct and Ethics

The Board has adopted and agreed to be bound by the Code, a copy of which is available on Mangazeya's SEDAR profile at www.sedar.com, which was designed to document the principles of conduct and ethics to be followed by the employees, officers and directors of Mangazeya and its subsidiaries. Management monitors compliance with the Code and the Code provides for a confidential, anonymous reporting process, if desired, of any actual or potential violations of the Code or of any law or regulation, to the Chairman of the Audit Committee. Following the receipt of any complaints submitted under the Code, the Audit Committee will investigate each matter so reported and take corrective disciplinary actions, if appropriate, up to and including termination of employment. All employees, officers and directors are responsible for understanding and complying with the Code.

Employees, officers and directors of Mangazeya are required to act with honesty and integrity and to avoid any relationship or activity that might create, or appear to create, a conflict between their personal interests and the interests of Mangazeya. Officers and directors of Mangazeya shall disclose in writing, conflicts of interest to the Board or request to have entered into the minutes of meetings of the Board, the nature and extent of such interest.

The Code requires all employees, officers and directors of Mangazeya to:

- act honestly and ethically, including with respect to the handling of actual or apparent conflicts of interest between personal and professional relationships;
- promote and act in a manner consistent with a non-discriminatory, harassment-free and violence-free workplace;
- comply with all applicable laws, rules and regulations;
- abide by Mangazeya's policy for drug use and the consumption of alcohol which affects job performance or hinders judgment;
- manage all phases of Mangazeya's business in a manner that takes into account any adverse effects of its operations on the environment;
- recognize safety issues and policies that affect their jobs, other employees and the community in general, and work proactively to eliminate any circumstance presenting a dangerous situation;

- refrain from soliciting any cash, gifts or free services that could reasonably be considered extravagant or could otherwise improperly influence Mangazeya's business relationship with or create an obligation to a customer, supplier or contractor;
- refrain from entering into or discussing any unlawful arrangement or understanding that may result in unfair business practices or anti-competitive behaviour;
- conduct themselves in a business-like manner that promotes equal opportunity and prohibits discriminatory practices;
- avoid responding to inquiries or requests for information from the media, unless the employee, officer or director in question is specifically authorized to represent Mangazeya to the media;
- comply with the appropriate rules and regulations relating to lobbying or attempting to influence government officials;
- refrain from accepting any future officerships or directorships of any other industry corporate entity or organization, public or private, without the prior written approval of the Executive Chairman;
- safeguard and keep confidential all non-public information about Mangazeya;
- maintain Mangazeya's business records, regulatory reports or financial reports in a manner that fairly presents all information in a truthful, accurate and timely manner and avoid exerting any influence over, coercing, misleading, or in any way manipulating or attempting to manipulate the independent auditors of Mangazeya;
- refrain from any unauthorized destruction of or tampering with any records, whether written or in electronic form, where Mangazeya is required by law or government regulation to maintain such records or where it has reason to know of a threatened or pending government investigation or litigation relating to such records;
- refrain from using Mangazeya's property for individual profit or any unlawful unauthorized personal or unethical purpose; and
- comply with the Code.

Nomination of Directors

The Board, with the assistance of the Remuneration Committee, is responsible for: (i) ensuring that an appropriate review and selection process for new nominees as directors is in place; and (ii) approving the nomination of directors. Prior to nominating or appointing individuals as directors, the Remuneration Committee shall assess the competencies and skills of each of the existing directors as well as the Board recognizing the personality and other qualities of each director, the effectiveness of the Board and the contribution of individual directors, including, consideration of the appropriate size of the Board with a view to facilitating effective decision-making.

Compensation

Mr. Yanchukov is the sole member of the Remuneration Committee. The Remuneration Committee normally conducts its business on the basis of majority approval, which encourages an objective process for determining compensation.

The Remuneration Committee is responsible for, among other things: (i) reviewing and recommending to the Board the compensation of the members of the Board including annual retainer, meeting fees, option grants and other benefits conferred upon the members of the Board; (ii) reviewing and approving corporate goals and objectives relevant to the compensation of the CEO, evaluating the CEO's performance in light of those corporate goals and objectives and making recommendations to the Board with respect to the CEO's compensation level based on such evaluation; (iii) reviewing and make recommendations to the Board with respect to compensation of executive officers, other than the CEO, including annual compensation and other benefits under Mangazeya's compensation plans; (iv) reviewing compensation disclosure relating to the Board and the executive compensation relating to the management of Mangazeya before Mangazeya publicly discloses this information; and (v) administering Mangazeya's compensation plans.

Assessments

The Remuneration Committee is responsible for monitoring and assessing the Board's effectiveness and the performance of individual directors, its committees, including reviewing the Board's decision-making processes and the quality of information provided by management, and among other things:

- overseeing strategic planning;
- monitoring the performance of Mangazeya's assets;
- evaluating the principal risks and opportunities associated with Mangazeya's business and overseeing the implementation of appropriate systems to manage these risks;
- approving specific acquisitions and divestitures;
- evaluating senior management; and
- overseeing Mangazeya's internal control and management information systems.

The Remuneration Committee is supposed to meet at least once a year assess the effectiveness of the entire Board, as well as that of each director.

Timely Disclosure, Confidentiality and Insider Trading Policy

Mangazeya has established a disclosure committee (the "**Disclosure Committee**") responsible for overseeing Mangazeya's disclosure, confidentiality and trading policy (the "**Disclosure Policy**"). The Disclosure Committee consists of the CEO who is responsible for overseeing all disclosure; the CFO who is responsible for financial disclosure; and the Chief Geologist who is responsible for technical disclosure. The Disclosure Committee endeavours to ensure that all persons to whom the Disclosure Policy applies meet their obligations under the provisions of securities laws and stock exchange rules by establishing a process for the timely disclosure of all Material Information (as defined in the Disclosure Policy); all persons to whom the Disclosure Policy applies understand their obligations to preserve the confidentiality of Undisclosed Material Information (as defined in the Disclosure Policy); all appropriate parties who have Undisclosed Material Information (as defined in the Disclosure Policy) are prohibited from Insider Trading (as defined in the Disclosure Policy) and Tipping (as defined in the Disclosure Policy) under applicable law, stock exchange rules and the Disclosure Policy; and communications to the investing public about Mangazeya are timely, factual, accurate, complete and not misleading and broadly disseminated in accordance with all applicable legal and regulatory requirements.

The Disclosure Policy applies to all directors, officers, employees, an independent contractor (who is engaged in an employee-like capacity) of Mangazeya or a subsidiary of Mangazeya, persons in a special relationship with Mangazeya and reporting insiders of Mangazeya. The Disclosure Policy covers various disclosures, including but not limited to disclosures made in documents filed with the securities regulators and written statements made in Mangazeya's annual and interim financial statements and related management's discussion and analysis, annual information forms, annual reports, news releases, letters to Shareholders, presentations by directors, officers, employees or contractors and information contained on Mangazeya's website and other electronic communications. The Disclosure Policy also extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls and any other public disclosures on behalf of Mangazeya, the content of which would reasonably be expected to affect the market value or price of any security of Mangazeya. The Remuneration Committee is responsible periodically reviewing and updating the Disclosure Policy.

Only certain persons (each a "**Spokesperson**") are authorized to communicate with analysts, the media and investors on behalf of Mangazeya and only with respect to certain areas. The list of authorized persons may be changed by the Remuneration Committee from time to time. The following individuals are Spokespersons: the Chairman, CEO and investor relations persons designated by the CEO from time to time who may communicate with respect to all disclosure relating to Mangazeya; the CFO who may communicate with respect to financial disclosure; and the Chief Geologist who may communicate with respect to technical disclosure. Directors, officers and employees or contractors who are not authorized Spokespersons who are approached by the media, an analyst, investor or other member of the public to comment on the affairs of Mangazeya must refer all inquiries to any authorized Spokesperson and must immediately notify such Spokesperson that the approach was made.

The Disclosure Policy provides for a “Quiet Period” any time (1) when trading securities of Mangazeya is prohibited pursuant to the Disclosure Policy, and (2) any other period (i.e. before and/or after a scheduled material announcement) designated by the Disclosure Committee. During a Quiet Period, persons or companies with actual, implied or apparent authority to act on behalf of Mangazeya, including Spokespersons, must not provide any Forward-Looking Information (as defined in the Disclosure Policy) relating to the business and affairs of Mangazeya or a subsidiary. Persons or companies with actual, implied or apparent authority to act on behalf of Mangazeya are also prohibited from providing any Forward-Looking Information about Mangazeya’s or a subsidiary’s prospective business, operations or capital, including information about expected revenues, net income or profit, earnings per share, expenditure levels, and other information commonly referred to as earnings guidance (collectively, “**Earnings Guidance**”) or comments with respect to the financial results for the current fiscal quarter or current fiscal year. Notwithstanding these restrictions, Mangazeya may generally disclose Forward-Looking Information that does not constitute Earnings Guidance during a Quiet Period. During a Quiet Period, Spokespersons may respond to unsolicited inquiries about information either that is not Material Information or that has been generally disclosed.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The charter of the Audit Committee of Mangazeya is attached hereto as Schedule “A”.

Composition of the Audit Committee

The following table provides information relating to each member of the Audit Committee, including his name, a description of whether he is independent of Mangazeya and financially literate within the meaning of NI 52-110 and a summary of his relevant education and experience that is relevant to the performance of his responsibilities as an Audit Committee member.

Name	Independent	Financially Literate	Relevant Education and Experience
Liudmila Arutyunyan	No	Yes	Ms. Arutyunyan has previously acted as Mangazeya’s CFO and has years of experience in finance. Prior to joining Mangazeya Group in 2014, Ms. Arutyunyan served as the Head of Financial department of JSC Cryogas.
Igor Omelchenko	Yes	Yes	Mr. Omelchenko is a Partner at Agora Capital Partners Limited, Moscow-based financial advisory, private equity and asset management firm. He graduated from the Military Institute of Foreign Languages and Plekhanov Russian Academy of Economics in 1997. Since then, Mr. Omelchenko held various positions in investment banking and asset management companies, including United Financial Group (UFG), a Russian investment bank; the Strategic Equity Transaction Group of Deutsche UFG and Deutsche Bank. Since 2006 he was Managing Director and one of the founding partners of United Capital Partners, a financial advisory and asset management company. Mr. Omelchenko has also served on the Board of Directors of OJSC “NOVOSIBIRSKENERGO”, an energy company, from 2004 to 2006 and OJSC

Name	Independent	Financially Literate	Relevant Education and Experience
			“REGIONGAZHOLDING”, a Gazprom subsidiary engaged in gas distribution, from 2004 to 2007.
Gerald Rohan	Yes	Yes	Mr. Rohan is the chair of the Audit Committee, Chair of the Strategy Committee and member of the Board of Directors of the IGSS, a Russian, land based seismic company. Mr. Rohan is also a Chairman of the Board of Advance - a private company exploring for oil and gas resources in Asia. Prior to that he was a Senior Adviser to the Board of Directors of Seplat, an African petroleum company newly listed on the London Stock Exchange; a Member of the Board and Chair of the Audit Committee of Enel Russia; a Member of the Board and Chair of the Audit Committee TGK 9, a Russian regional power and heat generator; a Member of the Board and Chair of the Audit Committee of Russian Platinum, a producer of platinum and a potential major developer of several Greenfield platinum projects; a Member of the Board of Directors, Member of the Audit Committee of Transcontainer. From 1988 until 2007 Mr Rohan worked as Director in Ernst & Young and PricewaterhouseCoopers focusing on the Russian market and Energy, Utilities and Mining sector.

Audit Committee Oversight

At no time since the beginning of our most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by our Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of Mangazeya’s most recently completed financial year has the company relied on the exemption in Section 2.4 (De Minimis Non-audit Services) or Part 8 (Exemptions) of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

Included as part of the Audit Committee’s charter is the sole authority of the Audit Committee to pre-approve all non-audit services to be provided to Mangazeya or its subsidiaries by its external auditors.

Audit Fees

The following table summarizes audit, audit related, tax and other fees paid by Mangazeya to its external auditor for professional services rendered in each of the last two fiscal years.

Year	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
Year ended December 31, 2015 ⁽⁵⁾	\$96,731	Nil	Nil	Nil
Year ended December 31, 2014 ⁽⁶⁾	\$310,280	\$11,050	Nil	Nil

Notes:

- (1) Represents the aggregate fees billed by Mangazeya’s auditor in each of the last two fiscal years for audit services. These services consisted primarily of the audit of Mangazeya’s annual financial statements and services provided in connection with statutory and regulatory filings.
- (2) Represents the aggregate fees billed in each of the last two fiscal years by Mangazeya’s auditor for services that are reasonably related to the performance of the audit or review of Mangazeya’s financial statements and management’s discussion and analysis (and not reported under the heading “Audit Fees”).
- (3) Represents the aggregate fees billed in each of the last two fiscal years by Mangazeya’s auditor for professional services for tax compliance, tax advice and tax planning.
- (4) Represents the aggregate fees billed in each of the last two fiscal years by Mangazeya’s auditor for products and services not included under the headings “Audit Fees”, “Audit Related Fees” and “Tax Fees”.
- (5) The audit for the year ended December 31, 2015, was performed by BDO Unicon AO.
- (6) The audit for the year ended December 31, 2014, was performed by KPMG LLP.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Since the beginning of Mangazeya’s most recently completed financial year, there is no, and there has not been any, outstanding indebtedness owing to Mangazeya or any subsidiary of Mangazeya in connection with the issuance of securities or otherwise by: (i) any director, executive officer or employee of Mangazeya or any of its subsidiaries; (ii) any former director, executive officer or employee of Mangazeya or any of its subsidiaries; or (iii) any associate of any individual who is, or at any time during Mangazeya’s most recently completed financial year was, a director or executive officer of Mangazeya.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, executive officer, proposed director, any person or company beneficially owning, controlling or directing, directly or indirectly (or a combination thereof), Mangazeya Shares carrying more than ten percent of the voting rights of the Mangazeya Shares, any directors or executive officers of such shareholders, or any associate or affiliate of the foregoing persons, has had a material interest, direct or indirect, in any transaction since the commencement of Mangazeya’s most recently completed financial year or in any proposed transaction that has materially affected or would materially affect Mangazeya or any of its subsidiaries, except as described herein.

- (a) On March 4, 2016, Mangazeya announced that it completed a shares for debt transaction (the “**Shares Transaction**”) with Mangazeya Center LLC, a company wholly owned by Mr. Sergey Yanchukov, who at the time was the CEO and controlling shareholder of Mangazeya. The Shares Transaction received NEX approval. Pursuant to the Shares Transaction, Mangazeya settled \$201,230,563.54 of debt by issuing 804,922,254 Mangazeya Shares to Mr. Yanchukov at a deemed price of \$0.25 per Mangazeya Share (the “**Share Price**”).

The Share Price represents a 733% premium to Mangazeya’s closing share price of CAD\$0.03 as of February 10, 2016. Mr. Yanchukov has agreed to purchase the Mangazeya Shares to be issued as part of the Shares Transaction at a premium in order to maintain Mangazeya’s free float of Mangazeya Shares above 10%.

Pursuant to the Shares Transaction, 204,010,013 share purchase warrants (“**Warrants**”) were annulled as of March 2, 2016. The Warrants were previously owned by Unique Goals International (“**Unique**”) as part of a consolidation of Mr. Yanchukov’s personal investments. Mr. Yanchukov’s position as the beneficial owner of the Warrants did not change.

The NEX and TSX Venture Exchange (collectively, the “**Exchanges**”) have determined that the Transaction constitutes a reactivation of the Company. Mangazeya will submit a reactivation application to the TSX Venture Exchange to be listed on Tier 2 of the TSX Venture Exchange.

- (b) On December 21, 2015, pursuant to a private transaction, Mr. Sergey Yanchukov transferred beneficial ownership of and/or control or direction over 338,200,000 Mangazeya Shares from Unique and Faith Union Industries Ltd (“**Faith Union**”) to Sezaria Limited (“**Sezaria**”). Unique, Faith Union and Sezaria are all wholly owned by Mr. Yanchukov. The Mangazeya Shares represented approximately 69.97% of the issued and outstanding common shares of the Corporation (on an undiluted basis).

Following the acquisition, Mr. Yanchukov beneficially owned and controlled, directly and indirectly, 338,300,208 Mangazeya Shares representing approximately 70% of the outstanding Mangazeya Shares, and if the Warrants controlled by Mr. Yanchukov are fully exercised into 204,010,013 Mangazeya Shares, Mr. Yanchukov would control 542,310,221 Mangazeya Shares representing approximately 78.9% of the issued and outstanding Mangazeya Shares (after giving effect to such exercise). Of the 338,300,208 Mangazeya Shares owned and controlled, directly and indirectly by Mr. Yanchukov, 42,671 Mangazeya Shares were held by Unique, 57,537 Shares are held by Faith Union and 338,200,000 Mangazeya Shares were held by Sezaria.

The acquisition of the Mangazeya Shares by Sezaria is a private transaction outside of any market or other facility and was undertaken for investment purposes. Mr. Yanchukov will evaluate his ownership position in Mangazeya from time to time, and depending on a number of circumstances (including, but not limited to, performance of the Mangazeya Shares in the market), Sezaria may from time to time increase or decrease its ownership position in Mangazeya.

- (c) On November 24, 2015 Mangazeya announced that: (i) the debt of its subsidiary, Diascia Investment Limited (“**Diascia**”), to Sezaria of USD\$27,843,171.07; (ii) the debt of Diascia to Unique of USD\$1,816,018.02; and (iii) the debt of Diascia to Unique under the Facility Loan Agreement for up to USD\$150,000,000.00 were consolidated within Mangazeya.

Assignment of Sezaria’s rights to Faith Union Industries Ltd

On March 28, 2013 Diascia (Borrower) entered into a loan agreement with Sezaria (Creditor) for the amount of USD\$2,340,765.00. The loan agreement was amended on June 3, 2013, on September 15, 2013, on December 31, 2013 and finally on December 31, 2014 with a sole purpose of extending the repayment date until June 30, 2016 (the “**First Loan**”). The principal amount of the Diascia’s liability was USD\$1,667,119.06 and the interest amount, as of November 24, 2015, was USD\$665,934.13.

On June 26, 2013 Diascia (Borrower) entered into a loan agreement with Sezaria (Creditor) for the amount of USD\$2,389,860.75. The Loan agreement was amended on September 15, 2013, on December 31, 2013, on and finally on December 31, 2014 with a sole purpose of extending the repayment date until June 30, 2016 (the “**Second Loan**”). The principal amount of the Diascia’s liability was USD\$2,389,860.75 and the interest amount, as of November 24, 2015, was USD\$865,260.54.

On September 26, 2013 Diascia (Borrower) entered into a loan agreement with Sezaria (Creditor) for the amount of USD\$2,388,805.3. The Loan agreement was amended on December 31, 2013, on and finally on December 31, 2014 with a sole purpose of extending the repayment date until June 30, 2016 (the “**Third Loan**”). The principal amount of the Diascia’s liability was USD\$2,388,805.30 and the interest amount, as of November 24, 2015, was USD\$774,603.90.

As of November 24, 2015 the total amount of debt under the First Loan, Second Loan and Third Loan 3 was USD\$8,751,583.68 (the “**Aggregate Loans**”).

On October 12, 2015, Diascia and Sezaria signed the Assignment Agreement whereby Sezaria assigned and Diascia accepted Sezaria's monetary claims under the loan agreement dated July 4, 2013, the loan agreement dated May 12, 2013, the loan agreement dated January 21, 2014, loan agreement dated March 18, 2014, loan agreement dated April 24, 2014, the loan agreement dated October 9, 2014, the loan agreement dated December 20, 2014 for its wholly owned subsidiary Mangazeya Mining Limited Liability Company (formerly – Ildikanzoloto LLC) (the “**Assignment Agreement**”). Under the Assignment Agreement Sezaria remains the creditor and Diascia becomes the new debtor for the total amount of USD\$19,091,587.38.

As of November 24, 2015 the total amount of Diascia's debt to Sezaria arising out of the Aggregate Loans and Assignment Agreement comprises USD\$27,843,171.06 (the “**Total Debt**”).

On November 24, 2015 Diascia agreed to assign to and Mangazeya agreed to accept all debtor's rights and obligations arising out of the Assignment Agreement and Aggregate Loans by entering into the Master Debt Restructuring Agreement as the old and new debtors respectively. On November 24, 2015 Sezaria agreed to transfer all of its creditor's rights and obligations to and Faith agreed to accept all of the creditor's rights and obligations arising out of the Assignment Agreement and Aggregate Loans by entering into the Master Debt Restructuring Agreement as the old and new creditors. Because of entering into the Master Debt Restructuring Agreement, Faith became the new creditor and Mangazeya became the new debtor. Diascia shall be able to pay the amount of the Total Debt to Mangazeya by way of set-off or another way in accordance with the BVI laws.

Faith is a company beneficially owned, directly or indirectly, by Mr. Sergey Yanchukov, at the time the CEO and controlling shareholder of the Company. By virtue of Mr. Yanchukov's status as an insider of the Company, the entering into Master Debt Restructuring Agreement constituted a related party transaction under Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). However, pursuant to paragraph 5.4 of MI 61-101, a formal valuation is not required as the transaction does not fall under paragraphs (a) through (g) of the definition of a “related party transaction”. In addition, pursuant to paragraph 5.7(f), an exemption for minority approval requirements for a related party transaction is available to Mangazeya as the Master Debt Restructuring Agreement is received from a related party on reasonable commercial terms that are not less advantageous to Mangazeya than if the loan or credit facility were obtained from a person dealing at arm's length with the issuer, and the loan, or each advance under the credit facility, as the case may be, is not:

- (1) convertible, directly or indirectly, into equity or voting securities of the issuer or a subsidiary entity of the issuer, or otherwise participating in nature; or
- (2) repayable as to principal or interest, directly or indirectly, in equity or voting securities of the issuer or a subsidiary entity of the issuer.

Since the Master Debt Restructuring Agreement constitutes a related party transaction, the Board formed a special committee (the “**Special Committee**”) comprised of independent directors for the purpose of reviewing and approving the terms of the Master Debt Restructuring Agreement. After its review, the Special Committee recommended that the Board approve of the Master Debt Restructuring Agreement. The Board then passed a resolution approving of the Company entering into the Bridge Loan amending agreement.

About Sezaria Ltd

Sezaria Ltd is a company beneficially owned, directly or indirectly, by Mr. Sergey Yanchukov, who at the time, was the CEO, Director and controlling shareholder of Mangazeya.

Assignment of Debt under the Loan agreements

On April 10, 2013 Diascia (debtor) entered into loan agreement with Unique (creditor) for the amount of USD\$217,206.38. The loan agreement was amended on September 15, 2013, on December 31, 2013 and

finally on December 31, 2014 (the “Fourth Loan”). The principal amount of the Diascia’s liability was USD\$217,206.38 and the interest amount, as of November 24, 2015, was USD\$83,066.31.

On October 7, 2013 Diascia (debtor) entered into loan agreement with Unique (creditor) for the amount of USD\$1,114,641.26. The loan agreement was amended on October 07, 2013 (the “Fifth Loan”). The principal amount of the Diascia’s liability was USD\$1,114,641.26 and interest amount, as of November 24, 2015, was USD\$356,379.82 USD.

On December 2, 2013 Diascia (debtor) entered into a loan agreement with Unique (creditor) for the amount of USD\$36,000.00 (the “Sixth Loan”). The principal amount of the Diacia’s liability was USD\$36,000.00 and interest amount, as of November 24, 2015, was USD\$8,724.25.

As of November 24, 2015 the total amount of debt under the Fourth Loan, Fifth Loan and Sixth Loan was USD\$1,816,018.02 (“**Unique Loans Debt**”).

On November 24, 2015 Diascia agreed to assign to and Mangazeya agreed to accept all debtor’s rights and obligations arising out of Fourth Loan, Fifth Loan and Sixth by entering into the Debt Assignment Agreement as the old and new debtors respectively. As a result of entering into the Debt Assignment Agreement, Mangazeya became the new debtor. Diascia shall be able to pay the amount of the assigned total amount of debt to Mangazeya by way of set-off or other way in accordance with the BVI law.

Assignment of Debt under the VTB Facility Loan to Mangazeya

On 2 February 2012 the Diascia (Borrower) and VTB Capital Plc entered into the Facility Loan Agreement for to an up to USD\$150,000,000. On March 7, 2012, the Borrower and VTB Capital Plc entered into the Deed of Amendment and Restatement relating to the Facility Agreement for an up to USD 150,000,000. On 3 October 2013 VTB Capital Plc and Unique Goals International Ltd (as Successor Security Agent and Lender) entered into the Assignment Agreement. On October 7, 2013 Unique entered into the Amendment Agreement with Diascia amending certain provisions of the Facility Agreement. On October 1, 2015 Diascia and Unique agreed to amend the Repayment of Loans and Interest repayment terms and date to December 31, 2020 under the Facility Agreement. On November 24, 2015 the Company agreed to accept all and any Diascia’s obligations (the “**Facility Loan Debt**”) before under the Facility Loan Agreement. The principal amount of the Diascia’s liability under the Facility Agreement was USD\$59,000,000.00. The interest amount, as of November 24, 2015, was USD\$17,066,285.91 and the commitment fee, as of November 24, 2015, was USD\$1,134,583.31. The total amount of Facility Loan Debt, as of November 24, 2015, was USD\$77,200,869.22 (“**Assignment Facility Debt Agreement**”). Diascia shall be able to pay the amount of the Facility Loan Debt to Mangazeya by way of set-off or another way in accordance with the BVI laws.

- (d) On October 2, 2015 Mangazeya announced that its subsidiary, Diascia, agreed to extend the maturity date and the interest repayment date under the Facility Agreement with Unique to December 31, 2020 and to reduce the interest rate to 2% per annum. On February 2, 2012, Diascia and VTB CAPITAL PLC entered into Facility Agreement for to an up to \$150,000,000. On March 7, 2012, Diascia and VTB CAPITAL PLC entered into the Deed of Amendment and Restatement relating to the Facility Agreement for an up to \$150,000,000; On 3 October 2013 VTB CAPITAL PLC and Unique (as Successor Security Agent and Lender) entered into the Assignment Agreement. On 7 October 2013 Unique entered into the Amendment Agreement with Diascia amending certain provisions of the Facility Agreement. On October 1, 2015 Diascia and Unique agreed to amend the Repayment of Loans and Interest repayment terms and date to December 31, 2020 under the Facility Agreement. The amendment to the Facility Agreement is subject to NEX approval.

Unique is a company beneficially owned, directly or indirectly, by Mr. Sergey Yanchukov, who at the time, was the Chief Executive Officer and controlling shareholder of Mangazeya. By virtue of Mr. Yanchukov’s status as an insider of the company, the provision of the Bridge Loan constitutes a related party transaction under MI 61-101. However, pursuant to paragraph 5.4 of MI 61-101, a formal valuation is not required as the transaction does not fall under paragraphs (a) through (g) of the definition of a related party transaction. In addition, pursuant to paragraph 5.7(f), an exemption for minority approval

requirements for a related party transaction is available to the company as the Facility Agreement is from a related party on reasonable commercial terms that are not less advantageous to the company than if the loan or credit facility were obtained from a person dealing at arm's length with the issuer, and the loan, or each advance under the credit facility, as the case may be, is not:

- (1) convertible, directly or indirectly, into equity or voting securities of the issuer or a subsidiary entity of the issuer, or otherwise participating in nature; or
- (2) repayable as to principal or interest, directly or indirectly, in equity or voting securities of the issuer or a subsidiary entity of the issuer.

Since the Facility Agreement constituted a related party transaction, the Board formed a special committee comprised of independent directors for the purpose of reviewing and approving the terms of the Facility Agreement. After its review, the special committee recommended that the Board approve of the amendments to the Facility Agreement. The Board then passed a resolution approving of the company entering into the Facility Agreement amending agreement.

- (e) On March 6, 2015, Mangazya announced that the principal amount of the Bridge Loan Unique has been increased to US\$53,000,000. On March 4, 2013, Mangazeya announced that it entered into the US\$1.5 million Bridge Loan from Unique. At the time of the agreement, the Bridge Loan was unsecured, scheduled to mature on April 15, 2013 and bore interest at 15% per annum. On April 26, 2013, the loan amount was increased to US\$12,500,000, the maturity date was extended to June 26, 2013 and the loan bore interest at 15% per annum. On June 26, 2013, the company and Unique amended the terms of the Bridge Loan for a second time. Under the second set of amendments to the Bridge Loan, the loan amount was increased to US\$25,000,000 and the maturity date was extended to September 15, 2013. On October 3, 2013, Unique and the company agreed to extend the maturity date of the Bridge Loan to December 31, 2013. On December 30, 2013, Unique and the company agreed to increase the principal amount of the Bridge Loan to US\$40 million and extend the maturity date of the Bridge Loan to December 31, 2014. On December 30, 2014 Unique and the company agreed to extend the maturity date of the Bridge Loan to June 30, 2016. On January 14, 2015 the amendment of the Bridge Loan in part of the new maturity date was approved by TSX Venture Exchange.

On February 17, 2015 Unique and Mangazeya agreed to increase the amount of loan to US\$53,000,000. The amendment of the Bridge Loan was approved on March 5, 2015 by NEX.

Unique is a company beneficially owned, directly or indirectly, by Mr. Sergey Yanchukov, who at the time, was the Chief Executive Officer and controlling shareholder of Mangazeya. By virtue of Mr. Yanchukov's status as an insider of the company, the provision of the Bridge Loan constitutes a related party transaction under MI 61-101. However, pursuant to paragraph 5.4 of MI 61-101, a formal valuation is not required as the transaction does not fall under paragraphs (a) through (g) of the definition of a related party transaction. In addition, pursuant to paragraph 5.7(f), an exemption for minority approval requirements for a related party transaction is available to the company as the Facility Agreement is from a related party on reasonable commercial terms that are not less advantageous to the company than if the loan or credit facility were obtained from a person dealing at arm's length with the issuer, and the loan, or each advance under the credit facility, as the case may be, is not:

- (1) convertible, directly or indirectly, into equity or voting securities of the issuer or a subsidiary entity of the issuer, or otherwise participating in nature; or
- (2) repayable as to principal or interest, directly or indirectly, in equity or voting securities of the issuer or a subsidiary entity of the issuer.

Since the Bridge Loan constituted a related party transaction, the Board formed a special committee comprised of independent directors for the purpose of reviewing and approving the terms of the Bridge Loan. After its review, the special committee recommended that the Board approve of the amendments

to the Bridge Loan. The Board then passed a resolution approving of the company entering into the Bridge Loan amending agreement.

- (f) On January 16, 2015, Mangazeya announced that the maturity date of the Bridge Loan from Unique Goals has been extended to June 30, 2016. On December 30, 2014 Unique and the Company agreed to extend the maturity date of the Bridge Loan to June 30, 2016. On January 14, 2015 the amendment of the Bridge Loan was approved by TSX Venture Exchange.

Unique is a company beneficially owned, directly or indirectly, by Mr. Sergey Yanchukov, who at the time, was the Chief Executive Officer and controlling shareholder of Mangazeya. By virtue of Mr. Yanchukov's status as an insider of the company, the provision of the Bridge Loan constitutes a related party transaction under MI 61-101. However, pursuant to paragraph 5.4 of MI 61-101, a formal valuation is not required as the transaction does not fall under paragraphs (a) through (g) of the definition of a related party transaction. In addition, pursuant to paragraph 5.7(f), an exemption for minority approval requirements for a related party transaction is available to the company as the Facility Agreement is from a related party on reasonable commercial terms that are not less advantageous to the company than if the loan or credit facility were obtained from a person dealing at arm's length with the issuer, and the loan, or each advance under the credit facility, as the case may be, is not:

- (1) convertible, directly or indirectly, into equity or voting securities of the issuer or a subsidiary entity of the issuer, or otherwise participating in nature; or
- (2) repayable as to principal or interest, directly or indirectly, in equity or voting securities of the issuer or a subsidiary entity of the issuer.

Since the Bridge Loan constituted a related party transaction, the Board formed a special committee comprised of independent directors for the purpose of reviewing and approving the terms of the Bridge Loan. After its review, the special committee recommended that the Board approve of the amendments to the Bridge Loan. The Board then passed a resolution approving of the company entering into the Bridge Loan amending agreement.

INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of Mangazeya at any time since the beginning of Mangazeya's most recently completed financial year, and no proposed director of Mangazeya, nor any associate or affiliate of any such director, executive officer or proposed director has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Circular.

MANAGEMENT CONTRACTS

There are no management functions of Mangazeya or its subsidiaries which are to any substantial degree performed by a person or company other than the directors or executive officers of Mangazeya or its subsidiaries.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management of Mangazeya is unaware of any matters to come before the Meeting other than those referred to in this Circular and the accompanying Notice. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote in respect of any such matters in accordance with their best judgment.

ADDITIONAL INFORMATION

Financial information in respect of Mangazeya is provided in Mangazeya's audited, consolidated, comparative, annual financial statements and related management's discussion and analysis for the financial year ended December 31, 2015, copies of which are available on Mangazeya's SEDAR profile at www.sedar.com.

Additional information relating to Mangazeya is available on SEDAR at www.sedar.com. To request copies of Mangazeya's financial statements and related management's discussion and analysis, please contact Mangazeya at:

Mangazeya Mining Ltd.
Znamenka 7 str 3
Moscow, Russia
119019

DIRECTOR APPROVAL

The contents and sending of this Circular have been approved by the directors of Mangazeya.

DATED this 26th day of May, 2016.

MANGAZEYA MINING LTD.

(Signed) "*Roman Kashuba*"

Roman Kashuba
Chief Executive Officer

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SCHEDULE “A”

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I. PURPOSE

The audit committee (the “**Audit Committee**”) is a committee of the board of directors (the “**Board of Directors**”) of Mangazeya Mining Ltd. (the “**Company**”). The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the financial accounting and reporting process and internal controls of the Company by:

- reviewing the financial reports and other financial information before such reports and other financial information are provided by the Company to any governmental body or the public;
- recommending the appointment and reviewing and appraising the audit efforts of the Company’s external auditors and providing an open avenue of communication among the external auditors, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Company’s financial reporting process and internal controls, the Company’s processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements;
- encouraging continuous improvement of, and fostering adherence to, the Company’s policies, procedures and practices at all levels;
- creating a culture of honesty and ethical behaviour in order to set the proper tone and to emphasise fraud prevention;
- overseeing management, including monitoring that management establishes and maintains internal control to provide reasonable assurance regarding reliability of financial reporting;
- reporting to the Board of Directors on members’ views of the interim and annual financial statements, including related management’s discussion & analysis (“**MD&A**”); and
- deciding, at its discretion, whether or not to establish an internal audit function. If an internal audit function is not established by the Company, the Audit Committee shall ensure that effective internal controls, processes and systems are provided.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Part III of this Charter. The Audit Committee’s primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Company’s management which is responsible for preparing the Company’s financial statements and it is the Company’s external auditors who are responsible for auditing those financial statements.

II. COMPOSITION AND MEETINGS

The Audit Committee is to be comprised of a minimum of three non-executive directors with sufficient financial literacy, as determined by the Board of Directors, all of whom must be “independent” directors (as such term is defined in Schedule “A”). All members of the Audit Committee must, to the satisfaction of the Board of Directors, be “financially literate” (as such term is defined in Schedule “A”).

The members of the Audit Committee must be elected by the Board of Directors at the annual organizational meeting of the Board of Directors and serve until their successors are duly elected. Unless a Chairman is elected by

the full Board of Directors, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership.

The Audit Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to the filing of quarterly financial statements in order to review and discuss the unaudited financial results for the preceding quarter and the related MD&A and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

As part of its role in fostering open communication, the Audit Committee should meet at least annually with management and the external auditors in separate sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

The Audit Committee may request members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their oversight related duties, members of the Audit Committee are to be provided with full access to all corporate information and are to be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and external auditors of the Company.

A quorum for the transaction of business at any meeting of the Audit Committee is (the presence in person or by telephone or other communication equipment of) a simple majority of the total number of members of the Audit Committee or such greater number as the Audit Committee may by resolution determine. If within one hour of the time appointed for a meeting of the Audit Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present; provided that quorum shall be not less than two (2) members.

Should a vacancy arise among the members of the Audit Committee, the remaining members of the Audit Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Meetings of the Audit Committee are to be held from time to time at such place as the Audit Committee or the Chairman of the Audit Committee may determine, within or outside the British Virgin Islands, upon not less than 48 hours' prior notice to each of the members. Meetings of the Audit Committee may be held without 48 hours' prior notice if all of the members entitled to vote at such meeting who do not attend, waive notice of the meeting and, for the purpose of such meeting, the presence of a member at such meeting shall constitute waiver on his or her part. Any member of the Audit Committee, the Chairman of the Board of Directors, the Company's external auditors, or the Chief Executive Officer, Chief Financial Officer or Corporate Secretary of the Company are entitled to request that the Chairman of the Audit Committee call a meeting. A notice of the Audit Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting.

The Audit Committee shall keep minutes of its meetings which shall be submitted to the Board of Directors. The Audit Committee may, from time to time, appoint any person who need not be a member, to act as secretary at any meeting.

All decisions of the Audit Committee will require the vote of a majority of its members present at a meeting at which quorum is present. Action of the Audit Committee may be taken by an instrument or instruments in writing signed by all of the members of the Audit Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Audit Committee called for such purpose. Such instruments in writing may be signed in counterparts each of which shall be deemed to be an original and all originals together shall be deemed to be one and the same instrument.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall:

Generally

1. Create an agenda for the ensuing year.
2. Review and update this Charter at least annually, prepare revisions to its provisions where conditions so dictate and submit such proposed revisions to the Board of Directors for approval.
3. Describe briefly in the Company's annual report (if any) and more fully in the Company's management information circular or its annual information form ("AIF") the Audit Committee's composition and responsibilities and how they were discharged, and otherwise assist management in providing the information required by applicable securities legislation (including the form requirements under National Instrument 52-110) in the Company's AIF.
4. Report periodically to the Board of Directors.
5. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities. The Audit Committee shall be empowered to retain and compensate independent counsel, accountants and other professionals to assist it in the performance of its duties as it deems necessary.
6. Perform any other activities consistent with this Charter, the Company's memorandum and articles of association and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

Documents/Reports Review

7. Review the Company's interim and annual financial statements, results of audits as well as all interim and annual MD&A and interim and annual profit or loss press releases prior to their publication and/or filing with any governmental body, or the public.
8. Review policies and procedures with respect to directors' and senior officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors, based on terms of reference agreed upon by the external auditors and the Audit Committee.
9. Satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure addressed in paragraph 7 of this part, and periodically assess the adequacy of such procedures.
10. Review the audited annual financial statements to satisfy itself that they are presented in accordance with International Financial Reporting Standards.
11. Provide insight to related party transactions entered into by the Company.

External Auditors

12. Recommend to the Board of Directors: (i) the selection of the external auditors, considering independence and effectiveness; and (ii) the fees and other compensation to be paid to the external auditors. The external auditors shall report directly to the Audit Committee.
13. Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors and discussing and resolving any material differences of opinion between management and the external auditors.

14. Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Company to determine their independence.
15. Pre-approve all audit and non-audit services to be provided to the Company or its subsidiaries by the external auditors.
16. Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant. Consider with management and the external auditors the rationale for employing accounting/auditing firms other than the principal external auditors.
17. Periodically consult with the external auditors out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Company's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
18. Ensure that the external auditors report directly to the Audit Committee, ensure that significant findings and recommendations made by the external auditors are received and discussed with the Audit Committee on a timely basis and arrange for the external auditors to be available to the Audit Committee and the full Board of Directors as needed.
19. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Company's external auditors.

Financial Reporting Processes

20. In consultation with the external auditors, review the integrity of the Company's financial reporting processes, both internal and external.
21. Consider the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Company's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.
22. Consider and approve, if appropriate, major changes to the Company's accounting principles and practices as suggested by management with the concurrence of the external auditors and ensure that management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

23. Establish regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
24. Review the scope and plans of the external auditors' audit and reviews prior to the audit and reviews being conducted. The Audit Committee may authorize the external auditors to perform supplemental reviews or audits as the Audit Committee may deem desirable.
25. Following completion of the annual audit and quarterly reviews, review separately with management and the external auditors any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit and reviews.

26. Review and resolve any significant disagreements between management and the external auditors in connection with the preparation of the financial statements.
27. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.
28. Review with the external auditors and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.
29. Review activities, organizational structure, and qualifications of the Company's Chief Financial Officer and staff in the financial reporting area and see to it that matters related to succession planning within the Company are raised for consideration to the full Board of Directors.

Ethical and Legal Compliance

30. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
31. Review and update periodically a code of business conduct and ethics (the "**Code of Conduct**") and ensure that management has established a system to enforce the Code of Conduct. Review appropriateness of actions taken to ensure compliance with the Code of Conduct and to review the results of confirmations and violations thereof.
32. Review management's monitoring of the Company's systems in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
33. Review, with the Company's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Company's financial statements.

Risk Management

34. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditors' opinion of management's assessment of significant financial risks facing the Company and how effectively such risks are being managed or controlled.

Review

35. The Audit Committee shall review its effectiveness periodically, through self-assessments or independent evaluations.

The foregoing list is not exhaustive. The Audit Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities and duties.

Approved by the Board of Directors on March 30, 2011.

Schedule “A”

Independence and Financial Literacy

Independence Requirement of National Instrument 52-110

National Instrument 52-110 - Audit Committees (“NI 52-110”) provides, in effect, that a member of the Audit Committee is “**independent**” if that member has no direct or indirect material relationship with the Company which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of such member’s independent judgment.

Section 1.4 of NI 52-110 provides that the following individuals are considered to have a “material relationship” with the Company and, as such, would not be considered independent:

- (a) an individual who is, or has been within the last three years, an employee or executive officer of the Company;
- (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the Company;
- (c) an individual who: (i) is a partner of a firm that is the Company’s internal or external auditor, (ii) is an employee of that firm, or (iii) was within the last three years a partner or employee of that firm and personally worked on the Company’s audit within that time, except that for the purposes of this paragraph (c), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor of the Company is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service;
- (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual: (i) is a partner of a firm that is the Company’s internal or external auditor, (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or (iii) was within the last three years a partner or employee of that firm and personally worked on the Company’s audit within that time, except that for the purposes of this paragraph (d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor of the Company is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service;
- (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the Company’s current executive officers serves or served at that same time on the entity’s compensation committee; and
- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the Company received, more than \$75,000 in direct compensation from the Company during any 12 month period within the last three years, except that for the purposes of this paragraph (f), direct compensation does not include (i) remuneration for acting as a member of the board of directors or of any board committee of the Company, and (ii) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company if the compensation is not contingent in any way on continued service.

Despite paragraphs (a) to (f) above, an individual will not be considered to have a material relationship with the Company solely because the individual or his or her immediate family member:

- (i) has previously acted as an interim chief executive officer of the Company, or

- (ii) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the Company on a part-time basis.

Section 1.5 of NI 52-110 provides that despite any determination made under section 1.4 of NI 52-110, an individual who

- (i) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any subsidiary entity of the Company, other than as remuneration for acting in his or her own capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
- (ii) is an affiliated entity of the Company or any of its subsidiary entities,

is considered to have a material relationship with the Company.

For purposes of determining whether or not a member has a material relationship with the Company, the terms set out below shall have the following meanings:

“affiliated entity” - a person or company is considered to be an affiliated entity of another person or company if (a) one of them controls or is controlled by the other or if both persons or companies are controlled by the same person or company, or (b) the person is an individual who is (i) both a director and an employee of an affiliated entity, or (ii) an executive officer, general partner or managing member of an affiliated entity;

“company” means any corporation, incorporated association, incorporated syndicate or other incorporated organization;

“control” means the direct or indirect power to direct or cause the direction of the management and policies of a person or company, whether through ownership of voting securities or otherwise, except that an individual will not be considered to control a company if the individual owns, directly or indirectly, ten per cent or less of any class of voting securities of such company and is not an executive officer of such company;

“executive officer” of an entity means an individual who is (a) a chair of the entity; (b) a vice-chair of the entity; (c) the president of the entity; (d) a vice-president of the entity in charge of a principal business unit, division or function including sales, finance or production; (e) an officer of the entity or any of its subsidiary entities who performs a policy-making function in respect of the entity; or (f) any other individual who performs a policy-making function in respect of the entity;

“immediate family member” means an individual’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the individual or the individual’s immediate family member) who shares the individual’s home;

“person” means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator, or other legal representative; and

“subsidiary entity” - a person or company is considered to be a subsidiary entity of another person or company if (a) it is controlled by (i) that other, or (ii) that other and one or more persons or companies each of which is controlled by that other, or (iii) two or more persons or companies, each of which is controlled by that other; or (b) it is a subsidiary entity of a person or company that is the other’s subsidiary entity.

Financial Literacy

NI 52-110 provides that a director will be considered **“financially literate”** if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

