

**MONGOLIA GROWTH GROUP LTD.**

**NOTICE OF ANNUAL AND SPECIAL MEETING  
OF SHAREHOLDERS TO BE HELD  
JUNE 7, 2013**

To the holders of Common Shares:

Notice is hereby given that the annual and special meeting of the holders (the "**Shareholders**") of common shares ("**Common Shares**") of Mongolia Growth Group Ltd. (the "**Corporation**") will be held at 201 – 34 Cumberland St. N., Thunder Bay, Ontario P7A 4L3 on June 7, 2013 at 11:00 a.m. (Eastern time) and at any or all adjournments thereof (the "**Meeting**"), for the following purposes:

1. to consider, and if thought fit, to fix the number of directors of the Corporation for the ensuing year, or as otherwise authorized by the Shareholders, at six (6) members;
2. to elect the directors of the Corporation;
3. to approve the appointment of PricewaterhouseCoopers LLP as auditors of the Corporation for the ensuing year at such remuneration as may be fixed by the board of directors (the "**Board**");
4. to consider and, if thought fit, to re-approve the share option plan of the Corporation;
5. to consider and, if thought fit, for disinterested Shareholders to approve the restricted stock award plan of the Corporation;
6. to receive and consider the financial statements of the Corporation for the year ended December 31, 2012 and the auditors' report thereon; and
7. to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The nature of the business to be transacted at the Meeting and the specific details of the matters proposed to be put to the Meeting are described in further detail in the information circular of the Corporation dated May 3, 2013 accompanying this Notice.

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is May 3, 2013. Shareholders of the Corporation whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a Shareholder transfers the ownership of any of his Common Shares after such date and the transferee of those Common Shares establishes that he owns the Common Shares and requests, not later than 10 days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Common Shares at the Meeting.

Management is soliciting proxies. Shareholders who are unable to attend the Meeting or any adjournment thereof in person and who wish to ensure that their Common Shares will be voted are requested to complete, date and sign the enclosed form of proxy in accordance with the instructions set out in the form of proxy and in the management information circular of the Corporation dated May 3, 2013 accompanying this Notice, and mail it to or deposit it with:

Olympia Trust Company, Proxy Department  
2300, 125 – 9<sup>th</sup> Avenue S.E., Calgary, Alberta, T2G 0P6  
Facsimile at 1-403-265-1455

**For the proxy to be valid, the duly completed and signed form of proxy must be received by not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the Meeting or any adjournment of the Meeting. A Shareholder may appoint as his, her or its proxy a person other than those named in the enclosed form of proxy. That person does not have to be a Shareholder.**

Shareholders of the Corporation holding Common Shares registered in the name of a broker or other nominee should ensure that they make arrangements to instruct the broker or other nominee how their Common Shares are to be voted at the Meeting in order for their vote to be counted at the Meeting.

DATED at Calgary, Alberta this 3<sup>rd</sup> day of May, 2013.

**BY ORDER OF THE BOARD OF DIRECTORS  
OF MONGOLIA GROWTH GROUP LTD.**



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Harris Kupperman  
President and Chief Executive Officer

## MONGOLIA GROWTH GROUP LTD.

Information Circular – Proxy Statement – May 3, 2013

For the Annual and Special Meeting  
of Shareholders of Mongolia Growth Group Ltd. to be held on June 7, 2013

### Solicitation of Proxies

This Information Circular is furnished by the management of Mongolia Growth Group Ltd. (the "**Corporation**") to the holders (the "**Shareholders**") of common shares ("**Common Shares**") of the Corporation in connection with the solicitation of proxies to be voted at the annual general and special meeting of the Shareholders (the "**Meeting**") to be held at 201 – 34 Cumberland St N Thunder Bay, Ontario P7A 4L3 on June 7, 2013 at 11:00 a.m (Eastern time), and at any adjournment thereof for the purposes set forth in the notice of meeting enclosed with this Information Circular (the "**Notice of Meeting**"). Only Shareholders of the Corporation of record on May 3, 2013, are entitled to notice of, to attend, and to vote at the Meeting, unless a Shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of the shares and demands that the transferee's name be included on the list of Shareholders.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The enclosed form of proxy (the "**Proxy Form**") is solicited by the management of the Corporation. The persons named in the enclosed Proxy Form are directors and/or officers of the Corporation (the "**management designees**"). **As a Shareholder submitting a proxy you have the right to appoint a person (who need not be a Shareholder) to represent you at the Meeting other than the person or persons designated in the Instrument of Proxy furnished by the Corporation. To exercise this right you should insert the name of the desired representative in the blank space provided in the Instrument of Proxy and strike out the other names or submit another appropriate proxy.** In order to be effective, the proxy must be mailed so as to be deposited at the office of the Corporation's transfer agent, Olympia Trust Company ("**Olympia**"), Proxy Department, 2300, 125 – 9<sup>th</sup> Avenue S.E., Calgary, Alberta, T2G 0P6, not later than 12:00 p.m. (Calgary time) on the second last business day preceding the date of the Meeting or any adjournment thereof. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date of its execution.

### Advice to Beneficial Holders

**The information set forth in this section is of significant importance to many Shareholders of the Corporation as some Shareholders do not hold their Common Shares in their own names ("**Beneficial Shareholders**").** Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Beneficial Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for the purposes of voting the Common Shares in person or by way of proxy except as set forth below. Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate persons.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in

order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker often is identical to the Proxy Form provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Alternatively, Beneficial Shareholders sometimes are provided with a toll-free telephone number to vote their shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a meeting of shareholders. A Beneficial Shareholder receiving a voting instruction or proxy from Broadridge or another agent cannot use that proxy to vote Common Shares directly at the Meeting as the completed instruction or proxy must be returned as directed by Broadridge or another agent well in advance of the Meeting in order to have the Common Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of the Beneficial Shareholder's broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank spaces on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent) well in advance of the Meeting.

**If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your Broker or Agent well in advance of the Meeting to determine how you can do so.**

#### **Revocability of Proxy**

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 registered 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 Olympia, at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used, or to the chairman 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 Common Shares.

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

#### **Persons Making the Solicitation**

This solicitation is made on behalf of management of the Corporation. The Corporation will bear the costs incurred in the preparation and mailing of the Proxy Form, Notice of Meeting and this Information Circular. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by directors, officers and employees of the Corporation who will not be remunerated therefor.

#### **Exercise of Discretion by Proxy**

The persons named in the Proxy Form will vote or withhold from voting the Common 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 Common Shares will be voted accordingly. The Proxy Form confers discretionary authority on 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 persons named in the Proxy Form will vote the Common Shares represented by the Proxy Form for the approval of such matter.**

At the time of printing of this Information Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Proxy Form to vote the Common Shares represented thereby in accordance with their best judgment on such matters.

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders who choose to submit a proxy may do so by completing, dating and signing the enclosed Proxy Form and returning it to the Corporation's transfer agent, Olympia, by fax at 1-403-265-1455, or by mail or by hand to c/o Proxy Department.

The proxy must be 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. Failure to complete or deposit a proxy properly may result in its invalidation. The time limit for the deposit of proxies may be waived by the board of directors of the Corporation at its discretion without notice.

#### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Corporation is authorized to issue an unlimited number of Common Shares, without nominal or par value. As of May 3, 2013, there were 34,203,352 Common Shares of the Corporation issued and outstanding. The board of directors has fixed May 3, 2013 as the record date (the "**Record Date**") for the determination of Shareholders entitled to notice of and to vote at the Meeting, and at any adjournment thereof, except to the extent that such holder transfers ownership of the Common Shares after the Record Date, in which case the transferee shall be entitled to vote such Common Shares upon establishing ownership and requesting not later than 10 days before the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting. Each Shareholder is entitled to one (1) vote in person or by proxy for each Common Share held on all matters to come before the Meeting.

To the best of the knowledge of the Corporation's directors and officers, other than Harris Kupperman, the Corporation's President and CEO, no person beneficially owns directly or indirectly, or exercise control or direction over, 10% or more of the votes attached to the Common Shares. Harris Kupperman beneficially owns 15.2% of the issued and outstanding Common Shares of the Corporation.

#### **VOTES NECESSARY TO PASS RESOLUTIONS AT THE ANNUAL AND SPECIAL MEETING**

A simple majority of affirmative votes cast at the Meeting by the Shareholders of the Corporation is required to pass the resolutions fixing the number of directors to be elected at the Meeting, electing directors, appointing the new auditor and approving the Corporation's share option plan ("**Option Plan**"). A simple majority of affirmative votes cast at the Meeting by the Disinterested Shareholders (as defined herein) of the Corporation is required to pass the resolutions approving the Corporation's restricted stock award plan. If there are more nominees for election as directors or appointment of the Corporation's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled all such nominees will be declared elected or appointed by acclamation.

#### **QUORUM**

Under the Corporation's by-laws, a quorum for the transaction of business at any meeting of shareholders shall be at

least two persons present in person or represented by proxy holding or representing not less than 5% of the Common Shares entitled to be voted at the meeting. Under the Corporation's by-laws and the *Business Corporations Act* (Alberta) ("**ABCA**"), if a quorum is present at the opening of the Meeting, the Shareholders present may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, the Shareholders present may adjourn the Meeting to a fixed time and place but may not transact any other business.

## FINANCIAL STATEMENTS

The Corporation's annual report and audited financial statements for the year ended December 31, 2012 (the "**2012 Financial Statements**") have been forwarded to Shareholders together with the Circular. No formal action will be taken at the Meeting to approve the financials, with the requirements of the ABCA having been met with the advance circulation of the 2012 Financial Statements. If Shareholders have questions respecting the financial statements, the questions will be addressed during the "Other Business" portion of the Meeting

## PARTICULARS OF THE MATTERS TO BE ACTED UPON AT THE MEETING

### Election of Directors

Directors will be elected at the Meeting. The Corporation's board of directors (the "**Board**") presently consists of six (6) members. It is proposed that the Board will be fixed at six (6) members and the persons referred to in the table below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting of Shareholders, or until his/her successor is duly elected or appointed, unless his office is vacated earlier.

It is the intention of the management designees, if named as proxy, to vote "FOR" the election of the following persons to the Board unless otherwise directed. Management does not contemplate that any of the nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, **the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless you have specified in your proxy that your Common Shares are to be withheld from voting on the election of that particular director.**

The following is a brief description of the proposed nominees, including their principal occupation for the past five (5) years, all positions and offices with the Corporation held by them and the number of Common Shares that they have advised are beneficially owned, directly or indirectly, by them or over which control or direction is exercised by them, as at the Record Date.

Name, Municipality of Residence, Office and Date became a Director	Present and Principal Occupation During the Last Five Years	Common Shares Beneficially Owned Directly or Indirectly or Controlled or Directed
Harris Kupperman Miami Beach, Florida, USA President and Chief Executive Officer February 2, 2011	President and CEO of Mongolia Growth Group since February 2011 and President of Praetorian Capital, a hedge fund based in Miami Beach, Florida since 2003.	5,250,000
Jordan Calonego Thunder Bay, Ontario, Canada Chief Operating Officer February 2, 2011	Chief Operating Officer of Mongolia Growth Group since February 2011, Equities Analyst at Exponent Investment Management since June 2011 and Corporate Secretary of CalNor Thunder Bay since 2000.	1,962,700 <sup>(3)</sup>
William Fleckenstein <sup>(1)(2)</sup>	President of Fleckenstein Capital since	2,625,000 <sup>(4)</sup>

Name, Municipality of Residence, Office and Date became a Director	Present and Principal Occupation During the Last Five Years	Common Shares Beneficially Owned Directly or Indirectly or Controlled or Directed
Seattle, Washington, USA  February 2, 2011	1996.	
John Shaw Denver, Colorado, USA  January 17, 2013	President of McWhinney Real Estate Services, Inc. from 2009 to Present. Senior Vice President of Opus Northwest, LLC Colorado from 1995 to 2009.	0
Paul Sweeney <sup>(1)(2)</sup> Surrey, BC, Canada February 2, 2011	Independent business consultant since May 2011. Commercial Advisor and Senior Executive for Plutonic Power Corp. from January 2007 to May 2011.	735,000
Byambaa Losolsuren Ulaanbaatar, Mongolia April 25, 2011	Partner at UMC Capital LLC since 2010. Investment Officer at the Asian Development Bank from 2008 to 2010. Consultant to the Financial Regulatory Commission of Mongolia from 2006 to 2008.	0

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) 100,000 of Jordan Calonego's Common Shares are indirectly held by the Russell Calonego Family Trust.
- (4) 1,700,000 of William Fleckenstein's Common Shares are controlled through Fleckenstein Partners Fund, LP. William Fleckenstein is the sole shareholder of Fleckenstein Capital LLC, the private company which is the General Partner of Fleckenstein Partners Fund, LP and William Fleckenstein owns approximately 25% of the units of Fleckenstein Partners Fund, LP.

As of the date hereof, the present directors and officers of the Corporation beneficially own, directly and indirectly, or exercise control or direction over 10,582,700 Common Shares, being 30.9% of the issued and outstanding Common Shares.

## **Biographies of Directors**

### ***Harris Kupperman, President, Chief Executive Officer and Chairman***

Mr. Kupperman has been the President of Praetorian Capital, a macro themed small cap focused hedge fund, since 2003.

### ***Jordan Calonego, Chief Operating Officer and Director***

Mr. Calonego is an entrepreneur, focused mainly on real estate and businesses related to real estate. He has over a decade of experience investing in public and private businesses with a focus on property and casualty insurance, real estate and operating businesses. Mr. Calonego obtained his Chartered Financial Analyst designation in September 2009.

### ***William Fleckenstein, Director***

Mr. Fleckenstein has been the President of Fleckenstein Capital, a money management firm based in Seattle since 1996. He writes a daily Market Rap column for his website ([www.fleckensteincapital.com](http://www.fleckensteincapital.com)) as well as a weekly column for MSN Money, known as the "Contrarian Chronicles". Mr. Fleckenstein also wrote a best-selling book about Alan Greenspan, titled "Greenspan's Bubbles: The Age of Ignorance at the Federal Reserve", which is available in numerous languages. Mr. Fleckenstein has been heard on the radio and has appeared on television sharing his views on assorted topics with Bloomberg TV, CNBC, Fox News and more. From 1997 to 2012, he was a Director for Pan American Silver Corp. (TSX and NASDAQ), serving as the Lead Director from 2000 to 2012.

### ***John Shaw, Director***

Mr. Shaw is President of McWhinney Real Estate Services, Inc. where he oversees the entire McWhinney portfolio of commercial and community development projects along the front range of Colorado. Mr. Shaw's career in real estate spans over four decades. Recently he was Senior Vice President/General Manager of Opus Northwest, LLC Denver Colorado, with additional operations in Kansas City.

### ***Paul Sweeney, Director***

Mr. Sweeney has fulfilled a number of roles as an advisor to companies, primarily those engaged in natural resource development. Since 2011 he has been a consultant to a number of companies in the resource sector. Prior to that, he was a commercial advisor for Plutonic Power Corporation, an independent power producer. From January 2007 through December 2010, he was a senior executive for Plutonic Power Corporation before reducing his duties in January 2011. He was an independent business and financial consultant from 2005 to 2007, after having served, among other roles, as Chief Financial Officer for both Canico Resource Corp. (acquired by Vale) and Sutton Resources (acquired by Barrick Gold). Mr. Sweeney has more than 30 years' experience in financial management of mining and renewable energy companies. Mr. Sweeney is also on the board of directors of Alterra Power Corp., Tahoe Resources Inc. and Polaris Minerals Corp.

### ***Byambaa Losolsuren, Director***

Ms. Losolsuren is currently a Partner at UMC Capital in Mongolia. She worked as an investment officer at the Asian Development Bank between 2008 and 2010 overseeing financial sector projects and private sector portfolio of the Asian Development Bank in Mongolia and she was a Consultant to the Financial Regulatory Commission of Mongolia for two years prior to that. Ms. Losolsuren is a head of the education committee of the ACI Financial Markets Association Mongolia.

### ***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

No director or proposed director of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:



- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days, while such person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days, that was issued after that individual ceased to be a director or chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as a director, chief executive officer or chief financial officer.

No director or proposed director of the Corporation is, or has been within the ten years prior to the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while such person was acting in that capacity or within a year of that individual 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.

#### *Individual Bankruptcies*

No director or proposed director of the Corporation is or has, within the ten years prior to the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

#### *Penalties*

No director or proposed director of the Corporation has been subject to:

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

#### *Majority Voting for Directors*

The Board has adopted a policy (the "**Majority Voting Policy**") that will permit a Shareholder to vote for, or withhold from voting for, each director nominee separately. If a director nominee has more votes withheld than are voted in favour of him, such nominee will be expected to forthwith submit his resignation to the Board, effective on acceptance by the Board. The Board will review the resignation and will consider all factors deemed relevant, including, without limitation, the stated reason or reasons why Shareholders who cast "withhold" votes for the director did so, the qualifications of the director, including, without limitation, the impact the director's resignation would have on the Corporation, and whether the director's resignation from the Board would be in the best interest of the Corporation and the Shareholders. Within 90 days of receiving the final voting results, the Board will issue a press release announcing the resignation of the director or explaining the reasons justifying its decision not to accept the resignation. The Majority Voting Policy does not apply in circumstances involving contested director elections. The full text of the Majority Voting Policy is attached hereto as Schedule "A".

#### **Fixing the Number of Directors**

The Articles of the Corporation provide that the number of directors of the Corporation will be a minimum of one

(1) and a maximum of eleven (11). At the Meeting, the management of the Corporation proposes to elect six (6) directors. Shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution:

**"BE IT RESOLVED THAT** the number of directors to be elected at the Meeting for the ensuing year or otherwise as authorized by the shareholders of the Corporation be and is hereby fixed at six (6)."

**Unless otherwise directed, the management designees named in the accompanying Proxy Form intend to vote such proxies in favour of a resolution fixing the number of directors to be elected at the Meeting at six (6).**

#### **Appointment of Auditors**

At the Meeting, Shareholders will be asked to vote in favour of the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, Richardson Building, 1 Lombard Place, Suite 2300, Winnipeg, Manitoba, as auditors of the Corporation, to hold office until the next annual general meeting of Shareholders, or until its successors are elected or appointed and to authorize the directors to fix their remuneration as such.

The foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy. **Unless otherwise directed, the management designees named in the accompanying Proxy Form intend to vote in favour of the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation, to hold office until the next annual general meeting of the Shareholders, at a remuneration to be determined by the directors of the Corporation.**

#### *Disinterested Shareholder Approval of Restricted Stock Award Plan of the Corporation*

The Shareholders that are not Insiders or Associates of Insiders (each as defined in Policy 1.1 of the TSXV Corporate Finance Manual) ("**Disinterested Shareholders**") will be asked to consider, and if deemed advisable, to approve the proposed restricted stock award plan of the Corporation (the "**RSA Plan**") attached as Schedule "B" to this Information Circular. The Disinterested Shareholders will be asked at the Meeting to approve a resolution approving the proposed RSA Plan.

The RSA Plan is intended to provide the Board with the ability to issue restricted stock awards ("**RSAs**") to provide the employees, directors and consultants of the Corporation with long-term equity-based performance incentives which are a key component of the Corporation's compensation strategy. The Corporation believes it is important to align the interests of employees, directors and consultants with shareholder interests and to link performance compensation to enhancement of shareholder value. This is accomplished through the use of RSAs whose value over time is dependent on the market value of the Common Shares.

The aggregate number of Common Shares issuable pursuant to the RSA Plan shall not exceed 200,000 Common Shares and will be subject to the aggregate limits set forth under the Option Plan, such that unvested Common Shares under the RSA Plan will be considered "Common Shares reserved for issuance" under the Option Plan.

The Disinterested Shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution approving the RSA Plan:

**"BE IT RESOLVED THAT:**

1. the RSA plan of the Corporation, substantially in the form attached as Schedule "B" to the management information circular of the Corporation dated May 3, 2013, be and is hereby approved and adopted as the share option plan of the Corporation;

2. the form of the RSA plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the Shareholders of the Corporation; and
3. any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions."

The foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Disinterested Shareholders voting in person or by proxy. **The management designees, unless instructed otherwise, intend to vote to approve the RSA Plan in substantially the form as attached as Schedule "B" to this Information Circular.**

*Re-Approval of Option Plan of the Corporation*

The Shareholders will be asked to consider, and if deemed advisable, to re-approve the share option plan of the Corporation (the "**Option Plan**") attached as Schedule "C" to this Information Circular. The Shareholders will be asked at the Meeting to approve a resolution reapproving the Option Plan.

The Option Plan was approved by the Board on March 9, 2011 and was approved by the shareholders of the Corporation on April 14, 2012. The Option Plan is intended to provide the Board with the ability to issue options to provide the employees, officers, directors and consultants of the Corporation with long-term equity-based performance incentives which are a key component of the Corporation's compensation strategy. The Corporation believes it is important to align the interests of management, employees and consultants with shareholder interests and to link performance compensation to enhancement of shareholder value. This is accomplished through the use of stock options whose value over time is dependent on market value.

The aggregate number of Common Shares issuable upon the exercise of all options granted under the Option Plan cannot exceed 10% of the issued and outstanding Common Shares. As of the Record Date, options to acquire 2,257,000 Common Shares have been granted representing approximately 6.6% of the issued and outstanding Common Shares.

The Shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution approving the Option Plan:

**"BE IT RESOLVED THAT:**

1. the share option plan of the Corporation, substantially in the form attached as Schedule "C" to the management information circular of the Corporation dated May 3, 2013, be and is hereby approved and adopted as the share option plan of the Corporation;
2. the form of the share option plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the Shareholders of the Corporation; and
3. any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions."

The foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Shareholders

voting in person or by proxy. **The management designees, unless instructed otherwise, intend to vote to approve the Option Plan in substantially the form as attached as Schedule "C" to this Information Circular.**

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### *Compensation Committee*

The Board has formed the Corporation's compensation committee (the "**Compensation Committee**") responsible for reviewing all overall compensation strategy, objectives and policies; annually reviewing and assessing the performance of the executive officers; recommending to the Board the compensation of the executive officers; reviewing executive appointments; and recommending the adequacy and form of directors' compensation.

This Committee meets at least once annually. The members of the Compensation Committee are Paul Sweeney and William Fleckenstein, both of whom are independent. These Directors have the responsibility for determining compensation for the directors and senior management.

#### *Named Executive Officer Compensation*

Executive compensation is based upon the need to provide a compensation package that will allow the Corporation to attract and retain qualified and experienced executives, balanced with a pay-for performance philosophy. NEOs receive a mixture of fixed and variable pay and a blend of short and long term incentives as appropriate. The Board anticipates any additional executive compensation will likely be comprised of a base salary based on the executive officer's core competencies, skills, experience and contribution to the Corporation, an incentive based cash bonus plan based on both individual and corporate performance and long-term ownership through grant of stock options.

Due to the growth profile of the Company, an NEO's base salary does not always reflect the level of commitment and effort that he or she is required to provide to ensure the continued success and growth of the Company. The award of short-term incentives and Options ensures that the total compensation package awarded to NEOs matches the stage of development of the Company at a given point in time. The grant of Options is designed to recognize and reward the efforts of NEOs as well as to provide additional incentive. These grants may be subject to the successful completion of performance hurdles. NEOs are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

The Compensation Committee is responsible for reviewing remuneration arrangements and recommending them to the Board. The Compensation Committee assesses the appropriateness of the nature and amount of remuneration of NEOs on a periodic basis, by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team. The charter adopted by the Remuneration Committee aims to align rewards with achievement of strategic objectives.

#### *Base Pay*

NEOs are offered a competitive level of base pay at market rates (for companies of similar size and industry) which is reviewed annually to ensure market competitiveness. This base pay comprises the fixed component of their pay and rewards. There is no guaranteed base pay increase included in any of the NEOs' contracts.

#### *Short Term Incentives*

The Board retains the discretion to pay short term incentives to NEOs based on the recommendation of the Compensation Committee. Any payment of short term incentives is dependent on the achievement of key performance milestones as determined by the Board. These milestones include key strategic, non-financial measures linked to drivers of performance in future reporting periods. Short term incentive payments may also be made at the discretion of the Board to reward an NEO's participation in ad-hoc projects or activities.

The Compensation Committee has the discretion to adjust short-term incentive payments based on an NEO's achievement of performance milestones. For the year ended December 31, 2012, the Board has not exercised its discretion to pay short term incentives.

### ***Share-Based and Option Based Awards***

#### *Option Plan*

The Corporation's Option Plan is intended to provide executive officers and directors with long-term equity-based performance incentives. The Option Plan is intended to provide share purchase options to align the interests of management with shareholder interests and to link performance compensation to enhancement of shareholder value. Options will be granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the long-term operating performance of the Corporation. In determining the number of options to be granted to executive officers, the Board will take into account the number of options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure such grants are in accordance with the TSX Venture Exchange policies and closely align the interests of the executive officers with the interests of the shareholders. The Corporation's Option Plan authorizes the issuance of stock options entitling the holders to acquire, in the aggregate, up to 10% of its Common Shares from time to time.

#### *RSA Plan*

The RSA Plan is intended to provide RSAs to retain and attract employees, directors and consultants, to promote a proprietary interest by employees, directors and consultants in the Corporation and to focus management of the Corporation on the operating and financial performance of the Corporation and total long-term shareholder value. In determining the number of RSAs to be granted to employees, directors and consultants, the Board will take into account the number and exercise price of options and the number of RSAs, if any, previously granted to each employee, director or consultant to ensure such grants are in accordance with the TSX Venture Exchange policies and closely align the interests of the employees, directors and consultants with the interests of the shareholders. The aggregate number of Common Shares issuable pursuant to the RSA Plan shall not exceed 200,000 Common Shares and will be subject to the aggregate limits set forth under the Option Plan, such that unvested Common Shares under the RSA Plan will be considered "Common Shares reserved for issuance" under the Option Plan.

#### *Risks*

The Compensation Committee reviews compensation policies and practices of the Corporation taking into account any risks associated with these policies and practices. The Compensation Committee has not identified risks associated with the Corporation's compensation policies which could have a material adverse effect on the Corporation.

#### *2012 NEO Compensation*

For 2012, Harris Kupperman, President and CEO of the Corporation and Jordan Calonego, Chief Operating Officer of the Corporation, opted not to participate in any compensation plan with the Corporation. Matthew Aiken, the Corporation's Chief Financial Officer.

#### *Matthew Aiken – Chief Financial Officer*

The Corporation entered into an employment agreement with Mr. Aiken dated April 2, 2011 pursuant to his position as Chief Financial Officer. His employment commenced on May 1, 2011. The following is a summary of the current terms of the agreement:

- Term of agreement - indefinite.
- 2012 annual base salary of \$122,346 plus benefit, which in 2012 amounted to \$1,346 as described below. Mr. Aiken's annual salary is reviewed annually by the Compensation Committee.

- Mr. Aiken was issued 250,000 Options in 2011 which vested over a two year period.
- Notice period for the Corporation: two weeks for each full year of employment with the Corporation, with a minimum of two weeks and a maximum of twelve weeks, or pay in lieu of the applicable notice period.
- Notice period for Mr. Aiken: three weeks written notice.
- Termination Bonus: Mr. Aiken is entitled to the payment of a termination benefit on early termination by the Company, other than for cause, in an amount equal to twelve months salary. If Mr. Aiken chooses to terminate his employment he is entitled to a bonus in an amount equal to six months of his annual salary.

### Executive Summary Compensation Table

The following table sets forth for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 concerning the compensation paid to the Corporation's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and the three most highly compensated executive officers (or the three most highly compensated individuals acting in a similar capacity), other than the CEO and CFO, at the end of the year ended September 30, 2012, whose total compensation was more than \$150,000 (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executive Officers" or "NEOs").

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Harris Kupperman, President and Chief Executive Officer	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Jordan Calonego, Chief Operating Officer	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Matthew Aiken, Chief Financial Officer	2012	122,536	Nil	370,197	Nil	Nil	Nil	1,346	494,079
	2011	75,000	Nil	188,528	Nil	Nil	Nil	Nil	263,528

**Note:**

- (1) Based on the grant date fair value of the applicable stock options. This amount was not paid to the above noted individuals but is based on value attributed to the options using the Black-Scholes option pricing model with assumptions of no dividends during the exercise periods, stock volatility of 90% and a risk-free rate of 2.49%.

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

The Corporation did not have any share-based awards outstanding at the end of the most recently completed financial year.

The following table sets forth for each Named Executive Officer all option-based awards outstanding at the end of the year ended December 31, 2012

Name	Number of securities underlying unexercised options (#)	Option-based Awards			Share-based Awards	
		Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Harris Kupperman, President and Chief Executive Officer	Nil	n/a	n/a	Nil	Nil	Nil
Jordan Calonego, Chief Operating Officer	Nil	n/a	n/a	Nil	Nil	Nil
Matthew Aiken, Chief Financial Officer	175,000 75,000	4.20 4.77	April 25, 2016 Sept. 7, 2016	Nil Nil	175,000 75,000	Nil Nil

**Note:**

(1) Calculated based on the difference between the market price of the Common Shares underlying the stock options at December 31, 2012 (\$3.85) and the exercise price of the options.

**Incentive Plan Awards – Value Vested or Earned During the Year**

The following table sets forth for each Named Executive Officer, the value of option-based awards which vested during the year ended December 31, 2012 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2012. The Corporation did not have any option-based awards that vested during the year and there were no share-based awards outstanding at the end of the most recently completed financial year.

Name	Option based awards – Value vested during the year <sup>(1)</sup> (\$)	Share based awards – Value vested during the year (\$)	Non equity incentive plan compensation – Value earned during the year (\$)
Harris Kupperman, President and Chief Executive Officer	Nil	Nil	Nil
Jordan Calonego, Chief Operating Officer	Nil	Nil	Nil
Matthew Aiken, Chief Financial Officer	Nil	Nil	Nil

**PENSION PLAN BENEFITS**

During the year ended December 31, 2012, the Corporation did not provide a defined benefit plan or actuarial plan for its employees, officers or directors.

**TERMINATION AND CHANGE OF CONTROL BENEFITS**

Other than Mr. Aiken's employment agreement, as described above (see, *Executive Compensation*) there are no other current contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in a Named Executive Officer's responsibilities.

**DIRECTOR COMPENSATION**

The Corporation does not currently pay cash fees for services to its independent directors. Ms. Losolsuren and Mr. Shaw are the only current directors to participate in the Option Plan.

## Stock Option Discussion and Analysis

The Corporation did not grant options to any Directors in 2012.

As at December 31, 2012, directors' options to purchase 75,000 Common Shares at \$4.20 per share, expiring April 25, 2014 were outstanding.

### Directors' Summary Compensation Table

The following table sets forth for the year ended December 31, 2012 information concerning the compensation paid to our directors other than directors who are also Named Executive Officers.

Name	Year	Fees earned (\$)	Share based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total(\$)
William Fleckenstein	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Paulo Bilezikjian <sup>(2)</sup>	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Paul Sweeney	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Byambaa Losolsuren	2012	Nil	Nil	\$86,520	Nil	Nil	Nil	\$86,520

**Note:**

- (1) Based on the grant date fair value of the applicable options. This amount was not paid to the above noted individuals but is based on value attributed to the options using the Black-Scholes option pricing model with assumptions of no dividends during the exercise periods, stock volatility of 90% and a risk-free rate of 2.49%.
- (2) Mr. Bilezikjian resigned from the Board effective March 4, 2013.

### Directors' Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, all option-based awards outstanding at the end of the year ended December 31, 2012. The Corporation does not have any outstanding share-based awards.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
William Fleckenstein	Nil	n/a	n/a	Nil	Nil	Nil	
Paulo Bilezikjian <sup>(2)</sup>	Nil	n/a	n/a	Nil	Nil	Nil	
Paul Sweeney	Nil	n/a	n/a	Nil	Nil	Nil	
Byambaa Losolsuren	75,000	\$4.20	April 25, 2014	\$0	Nil	Nil	

**Note:**

- (1) Calculated based on the difference between the market price of the Common Shares underlying the stock options at December 31, 2012 (\$3.85) and the exercise price of the Options.
- (2) Mr. Bilezikjian resigned from the Board effective March 4, 2013.

### Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, the value of option-based awards which vested during the year ended December 31, 2012 and the value of non-



equity incentive plan compensation earned during the year ended December 31, 2011. The Corporation did not have any option-based awards that vested during the year and there were no share-based awards outstanding at the end of the most recently completed financial year.

Name	Option based awards – Value vested during the year (\$)	Share based awards – Value vested during the year (\$)	Non equity incentive plan compensation – Value earned during the year (\$)
William Fleckenstein	Nil	Nil	Nil
Paulo Bilezikjian <sup>(1)</sup>	Nil	Nil	Nil
Paul Sweeney	Nil	Nil	Nil
Byambaa Losolsuren	Nil	Nil	Nil

**Note:**

(1) Mr. Bilezikjian resigned from the Board effective March 4, 2013.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans as at December 31, 2012.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders <sup>(1)</sup>	1,782,000	\$3.40	1,632,335
Equity compensation plans not approved by security holders	0	0	0
Total <sup>(2)</sup>	1,782,000	\$3.40	1,632,335

**Note:**

- (1) The Corporation's Option Plan authorizes the issuance of stock options entitling the holders to acquire, in the aggregate, up to 10% of its Common Shares from time to time.
- (2) As of May 3, 2013, the Corporation currently has outstanding 2,257,000 stock options.

### AUDIT COMMITTEE

#### The Audit Committee's Charter

The text of the Corporation's audit committee (the "**Audit Committee**") charter is attached as Schedule "D" to this Information Circular.

#### Composition of the Audit Committee

NI 52-110 provides that a member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Corporation. A material relationship means a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

NI 52-110 further provides that a member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the corporation.

The current members of Audit Committee are Paul Sweeney, William Fleckenstein and Jordan Calonego. The Board has determined that each member of the Audit Committee is independent in accordance with Section 1.4 of NI 52-110 and that each member of the Audit Committee is financially literate in accordance with NI 52-110.

### Relevant Education and Experience

<b>Name and Place of Residence</b>	<b>Independent</b>	<b>Financially Literate</b>	<b>Relevant Education and Experience</b>
Paul Sweeney Surrey, BC, Canada	Yes	Yes	Mr. Sweeney is an independent business consultant. Since 2011 he has been a consultant to a number of companies in the resource sector, and prior to that a commercial advisor for Plutonic Power Corporation, an independent power producer. He was an independent business and financial consultant from 2005 to 2007, after having served, among other roles, as Chief Financial Officer for both Canico Resource Corp. (acquired by Vale) and Sutton Resources (acquired by Barrick Gold). Mr. Sweeney currently sits on the Boards of Tahoe Resources Inc where he serves as Chairman of the Audit Committee, Polaris Minerals Corp and Alterra Power Inc.
William Fleckenstein Seattle, WA, USA	Yes	Yes	Mr. Fleckenstein is President of Fleckenstein Capital, a money management firm based in Seattle. From 1997 to 2012, he was a Director for Pan American Silver Corp, serving as the Lead Director from 2000 to 2012. Mr. Fleckenstein's work experience has helped him to achieve a high level of understanding of preparing, auditing, analyzing and evaluating financial statements. Mr. Fleckenstein is financially literate and familiar with public company financial statements and the accounting principles used in reading and preparing financial statements.
Jordan Calonego Thunder Bay, ON, Canada	No	Yes	Mr. Calonego is an Equity Analyst at Exponent Investment Management, a money management firm based in Ottawa, Canada. He has been a Director of Mongolia Growth Group Ltd since 2011. Mr. Calonego's work experience has helped him to achieve a high level of understanding of preparing, analyzing and evaluating financial statements. Mr. Calonego is financially literate and familiar with public company financial statements and the accounting principles used in reading and preparing financial statements. He graduated from the University of Ottawa with an HCom, majoring in Finance, and is a CFA Charterholder.

### Audit Committee Oversight

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

### Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services but all such services will be subject to prior approval of the Audit Committee.

### External Auditor Services Fees

The aggregate fees billed by the Corporation's auditors for the years ended December 31, 2012 and December 31, 2011 are as follows:

<b>Financial Period</b>	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
Year ended December 31, 2012	\$426,758	\$42,914	\$73,184	\$147,485
Year ended December 31, 2011	\$467,512	\$38,051	\$57,681	\$1,659

**Notes:**

- (1) "Audit Fees" include fees necessary to perform the annual audit of the Corporation's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include quarterly reviews of the financial statements, employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

## **CORPORATE GOVERNANCE**

### **Board of Directors**

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

Management has been delegated the responsibility of managing the business of the Corporation. Through the Audit Committee, the Board examines the effectiveness of the Corporation's internal control processes and information systems.

The following members of the Board of Directors are independent in accordance with Section 1.4 of NI 52-110: William Fleckenstein, John Shaw, Byambaa Losolsuren and Paul Sweeney.

The non-independent directors are Harris Kupperman, President and Chief Executive Officer, and Jordan Calonego, because he is Chief Operating Officer. Mr. Kupperman and Mr. Calonego have been determined to be non-independent because of their roles as executive officers of the Corporation.

The majority of the Board of Directors is currently independent.

### **Other Directorships**

*The following director is a director of the following other reporting issuers :*

<b>Name of Director</b>	<b>Name of Other Issuer</b>
Paul Sweeney	Polaris Minerals Corporation <sup>(1)</sup> Alterra Power Corp. <sup>(1)</sup> Tahoe Resources Inc <sup>(1)</sup>

**Note:**

- (1) *The reporting issuer is listed on the TSX.*

### **Orientations and Continuing Education**

The Board of Directors has not yet adopted any formal orientation or continuing education program for directors. If new directors are added, the current directors and officers will assist the new directors to become familiar with the Corporation.

## **Ethical Business Conduct**

The Board of Directors has not adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct but does promote ethical business conduct through the nomination of board members it considers ethical, through avoiding or minimizing conflicts of interest, and by having a sufficient number of its independent board members address all corporate matters which rightly fall before a board of directors of a public corporation.

## **Nomination of Directors**

The Corporation does not have a nominating committee, and these functions are currently performed by the Board of Directors as a whole. A formal nomination process has not been adopted. The nominees are generally chosen as a Board.

## **Assessments**

The Board of Directors monitors but does not formally assess the performance of individual Board members or committee members or their contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the board.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As at May 3, 2013, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Corporation which is owing to the Corporation, or which is owing to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time in the most recently completed financial year was, a director or executive officer of the Corporation, no proposed nominee for election as a director of the Corporation and no associate of such persons:

- (a) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Corporation; or
- (b) is indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation, entered into in connection with a purchase of securities or otherwise.

## **OTHER MATTERS COMING BEFORE THE MEETING**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Annual and Special Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by proxy solicited by this Information Circular – Proxy Statement will be voted on such matters in accordance with the best judgment of the person voting such proxy.

## **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No director or officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors.

## **INTEREST OF INFORMED PERSONS AND OTHERS IN MATERIAL TRANSACTIONS**

Except as disclosed elsewhere herein, none of the directors, executive officers, principal shareholders of the Corporation, or informed persons (as defined in National Instrument 51-102), and no associate or affiliate of any of them, has or has had any material interest in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transactions which has materially affected or would materially affect the Corporation.

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

#### **ADDITIONAL INFORMATION**

Financial information is provided in the Corporation's audited financial statements and related management's discussion and analysis for the year ended December 31, 2012. To receive a copy of the Corporation's financial statements and related management's discussion and analysis please contact the Corporation at 706, 34 Cumberland St. N., Thunder Bay, Ontario P7A 4L3, Attention: Amanda Loubier. If you wish, this information and additional information relating to the Corporation may also be accessed on SEDAR at [www.sedar.com](http://www.sedar.com).

## SCHEDULE "A"

### MONGOLIA GROWTH GROUP LTD. (the "Corporation")

#### MAJORITY VOTING POLICY

The board of directors of the Corporation (the "**Board**") believes that each director should have the confidence and support of the shareholders of the Corporation (the "**Shareholders**"). To this end, the Board has unanimously adopted this policy and future nominees for election to the Board will be required to confirm that they will abide by the policy.

Forms of proxy for the election of directors will permit a shareholder to vote in favour of, or to withhold from voting, separately for each director nominee. The Chair of the Board will ensure that the number of shares voted in favour or withheld from voting for each director nominee is recorded and promptly made public after the meeting. If the vote was by a show of hands, the company will disclose the number of shares voted by proxy in favour or withheld for each director.

If a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be considered by the Board not to have received the support of the Shareholders, even though duly elected as a matter of corporate law. Such a nominee will be expected to forthwith submit his or her resignation to the Board, effective on acceptance by the Board. The Board will review the resignation and consider all factors deemed relevant including, without limitation, the stated reason or reasons why Shareholders who cast "withhold" votes for the director did so, the qualifications of the director including the impact the director's resignation would have on the Corporation, and whether the director's resignation from the Board would be in the best interest of the Corporation and the Shareholders. Within 90 days of receiving the final voting results, the Board will issue a press release announcing the resignation of the director or explaining the reasons justifying its decision not to accept the resignation.

Subject to any corporate law restrictions, the Board may (1) leave a vacancy in the Board unfilled until the next annual general meeting, (2) fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the Shareholders, or (3) call a special meeting of Shareholders to consider new Board nominee(s) to fill the vacant position(s). This policy does not apply where an election involves a proxy battle, i.e., where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the Board.

## SCHEDULE "B"

### MONGOLIA GROWTH GROUP LTD.

### RESTRICTED SHARE AWARD PLAN

The Mongolia Growth Group Ltd. (the "**Corporation**" or "**MGG**") Restricted Stock Award Plan (the "**Plan**") pursuant to which restricted stock of the Corporation may be granted to employees, directors or consultants of the Corporation, or any MGG Entity (as defined herein), is hereby established on the terms and conditions set out below.

#### ARTICLE 1 DEFINITIONS AND INTERPRETATION

**1.1 Purpose:** The principal purposes of the Plan are as follows:

- (a) to retain and attract Participants for MGG and MGG Entities;
- (b) to promote a proprietary interest in MGG by such Participants and to encourage such persons to remain in the employ or service of MGG and MGG Entities and put forth maximum efforts for the success of the affairs of MGG and the business of MGG and the MGG Entities; and
- (c) to focus management of MGG and MGG Entities on operating and financial performance and total long term shareholder return.

**1.2 Definitions:** In the Plan, the following capitalized words and terms shall have the following meanings:

- (a) "**Board**" means the board of directors of the Corporation.
- (b) "**Change of Control**" means:
  - (i) a successful "take-over bid" (as defined in the *Securities Act* (Alberta), as amended, or any successor legislation thereto) pursuant to which the "offeror" beneficially owns in excess of 50% of the issued and outstanding Common Shares;
  - (ii) the issuance to or acquisition by any person, or group of persons acting jointly or in concert, directly or indirectly, including through an arrangement or other form of reorganization, of Common Shares which in the aggregate total 50% or more of the then issued and outstanding Common Shares;
  - (iii) an arrangement, merger or other form of reorganization of MGG where the holders of the outstanding voting securities or interests of MGG immediately prior to the completion of the reorganization will hold 50% or less of the outstanding voting securities or interests of the continuing entity upon completion of the arrangement, merger or reorganization;
  - (iv) the sale of all or substantially all of the assets of MGG; or
  - (v) the liquidation, winding-up or dissolution of MGG; provided that notwithstanding the application of any of the foregoing, a "**Change of Control**" shall be deemed to not have occurred if a majority of the Board, acting reasonably, determines, prior to the effective date of any transaction which may be considered a Change of Control under this definition, that in substance an arrangement or reorganization will not occur or the

circumstances are such that a Change of Control will be deemed to not occur and any such determination shall be binding and conclusive for all purposes of the Plans.

- (c) "**Committee**" means the Board or any person or persons designated by the Board to administer the Plan.
- (d) "**Common Shares**" means the common shares of MGG.
- (e) "**Disability**" or "**Disabled**" means, in the sole determination of a Participant's Employer, whose determination shall be final and binding, the reasonable likelihood that the Participant will be unable to perform his or her duties and responsibility to the Employer by reason of a physical or mental disability or infirmity for either: (i) a continuous period of six months; or (ii) 270 days during an consecutive twelve (12) month period.
- (f) "**Eligible Participants**" means the employees, directors and consultants of the Corporation or any MGG Entity.
- (g) "**Employer**" means the Corporation or any MGG Entity that employs an Eligible Participant.
- (h) "**Employment**" in respect of a Participant means the employment of the Participant by an Employer.
- (i) "**Exchange**" means the TSX Venture Exchange or such other stock exchange(s) on which the Common Shares are then listed and posted for trading.
- (j) "**Grant Date**" means the date the Corporation issues Restricted Shares granted to a Participant pursuant to a Restricted Stock Agreement.
- (k) "**Maximum Restricted Shares**" has the meaning set out in section 2.1.
- (l) "**MGG Entities**" means, collectively, any of MGG's subsidiaries, partnerships, trusts or other controlled entities (for the purpose of this Plan MGG is considered to control such other entity if MGG, directly or indirectly, holds more than fifty percent (50%) of the voting rights attached to all outstanding voting securities of such entity, provided that with respect to a US Participant, a subsidiary of MGG will not be considered a MGG Entity for purposes of this Plan if MGG does not own at least eighty percent (80%) of either the total voting power or the total value of all outstanding securities of such entity).
- (m) "**Participant**" means an Eligible Participant who has been designated by the Committee to be a Participant in the Plan and to whom Restricted Shares are granted in accordance with the terms of the Plan and a Restricted Stock Agreement.
- (n) "**Resignation Date**" means the date on which the Participant notifies the Participant's Employer verbally or in writing, of the intention of the Participant to resign from Employment.
- (o) "**Restricted Period**" means, in respect of Restricted Shares granted to a Participant, the period commencing on the applicable Grant Date of such Restricted Shares and ending on the earliest to occur after the applicable Grant Date of an event set out in Section 2.5 of the Plan.
- (p) "**Restricted Share**" means a Common Share of the Corporation granted to a Participant in accordance with the terms of the Plan and a Restricted Stock Agreement and affixed with the legend set forth in Section 2.3(d).



- (q) "**Restricted Stock Agreement**" has the meaning set out in Section 2.2.
- (r) "**Retirement**" or "**Retired**" means, in respect of a Participant, the Participant retiring from Employment in accordance with the then policies and practices of the Employer that employs the Participant, but does not include retirement of a Participant in connection with or as a consequence of a termination of the Participant's Employment for cause.
- (s) "**Shareholder**" means a holder of Common Shares.
- (t) "**Share Option Plan**" means the share option plan of the Corporation.
- (u) "**Tax Act**" means the *Income Tax Act* (Canada), as amended.
- (v) "**Termination Date**" means, the date, as determined by the Committee, that a Participant has Retired, or has become Disabled or the Participant's Employment is terminated, with or without cause, as the case may be, but for greater certainty does not include the date of a termination of Employment with one MGG Entity as a consequence of a transfer of Employment of a Participant to another MGG Entity.
- (w) "**US Participant**" means a Participant who is an individual citizen or resident of the United States of America.

## **ARTICLE 2**

### **THE PLAN**

**2.1 Stock Subject to The Plan:** The aggregate number of Common Shares authorized for grant as Restricted Shares under the Plan, subject to adjustment of such number pursuant to the provisions of section 2.8, shall not exceed 200,000 Common Shares (the "**Maximum Restricted Shares**").

**2.2 Granting of Restricted Shares:**

- (a) Restricted Shares may be granted to Eligible Participants of the Corporation who are designated by the Committee to be Participants in the Plan. Each grant of Restricted Shares shall be made to a Participant pursuant to an agreement (a "**Restricted Stock Agreement**") containing terms and conditions consistent with the Plan and approved by the Committee, which terms and conditions need not be the same in each case.
- (b) Issuance of Restricted Shares pursuant to this Plan shall be subject to the limitations set forth in Section 4 of the Share Option Plan and Restricted Shares shall be considered part of the aggregate Common Shares reserved for issuance under the Share Option Plan. In no event shall the Common Shares authorized for issuance under this Plan, when combined with the Common Shares reserved for issuance under the Share Option Plan, exceed 10% of the issued and outstanding Common Shares of the Corporation.

**2.3 Shareholder Rights and Restrictions:** Restricted Shares granted to a Participant pursuant to this Plan shall be issued on a book entry only basis on the applicable Grant Date as fully paid and non-assessable Common Shares, registered in the name of the Participant, and the Participant shall have all of the rights of a beneficial shareholder with respect to such Common Shares, including the right to receive all dividends and other distributions payable in cash or in kind with respect to such Common Shares, except that during the applicable Restricted Period in respect of the Restricted Shares,

- (a) a Participant shall not be entitled to sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber the Restricted Shares;

- (b) the unvested Restricted Shares shall be subject to forfeiture pursuant to section 2.6;
- (c) any Common Shares distributed as a dividend or distribution in respect of unvested Restricted Shares prior to the end of the applicable Restricted Period shall be subject to the same restrictions as the unvested Restricted Shares in respect of which the dividend or distribution was made; and
- (d) each Restricted Share shall carry a legend stating: "*The holder of these Common Shares must not trade these Common Shares until permitted by the Restricted Stock Award Plan*".

**2.4 No Rights Prior to Issuance:** No Participant shall have any rights or entitlement to acquire any Common Shares authorized for grant under this Plan nor shall any such shares be identified with any Participant prior to the issuance of such Restricted Shares to the Participant on the applicable Grant Date.

**2.5 Restricted Period:** Subject to section 2.6, the Restricted Period in respect of a Restricted Share shall end and such Restricted Share shall become vested and shall cease to be subject to forfeiture, upon the earliest to occur of the following:

- (a) one third of each grant of Restricted Shares will vest on each of the first, second and third anniversaries of the Grant Date;
- (b) the date the of a Change of Control of the Corporation;
- (c) the Termination Date in respect of the Disability of the Participant holding the Restricted Share;
- (d) the date of death of the Participant; or
- (e) a determination by the Committee to end the Restricted Period with respect to any Restricted Shares, but only to the extent of such determination.

**2.6 Forfeiture of Restricted Shares:**

- (a) The provisions of this section 2.6 shall apply to Restricted Shares throughout the Restricted Period applicable to such Restricted Shares.
- (b) All Restricted Shares granted to a Participant shall immediately and automatically be forfeited to the Corporation and cancelled for nil consideration, upon the earliest of the following dates to occur during the Restricted Period applicable to such Restricted Shares:
  - (i) the Termination Date of Employment of the Participant for cause; or
  - (ii) the Resignation Date in respect of the resignation of the Participant.
- (c) Upon the Retirement of a Participant during the Restricted Period in respect of Restricted Shares, a pro-rata portion of such Restricted Shares determined in accordance with the following formula shall become vested on the Termination Date of such Retirement:

$$\begin{array}{rcl}
 \text{Number of Restricted} & & \text{Number of days of employment} \\
 \text{Shares Vesting on} & & \text{from Grant Date to Termination} \\
 \text{Termination Date of} & = & \text{Date} \\
 \text{Retirement} & & \text{_____} \\
 & & \text{Number of days from Grant} \\
 & & \text{Date to 3}^{\text{rd}} \text{ anniversary of the} \\
 & & \text{Grant Date}
 \end{array}
 \quad \times \quad
 \begin{array}{l}
 \text{Number of} \\
 \text{Restricted} \\
 \text{Shares granted} \\
 \text{on the Grant} \\
 \text{Date;}
 \end{array}$$

and the remaining portion of such Restricted Shares shall immediately and automatically be forfeited to the Corporation and cancelled for nil consideration upon the Termination Date of such Retirement.

**2.7 Share Certificates:** In the event that Restricted Shares become vested upon the occurrence of any of the events specified in section 2.5 or 2.6, the Corporation shall deliver to the Participant a Common Share certificate representing the applicable Restricted Shares and registered in the name of the Participant, free and clear of all restrictions, other than those imposed under applicable securities law restrictions, as soon as practicable after the date of such vesting.

**2.8 Adjustments:** In the event of any stock split, combination or exchange of shares of the Corporation, or any merger, consolidation, spin-off, the payment of any stock dividend or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any change in the capital of the Corporation affecting the Common Shares, the Committee may make such adjustment, if any, as it may deem appropriate in the number of Maximum Restricted Shares pursuant to Section 2.1.

**2.9 Withholding Taxes:** The Corporation may take such steps as it considers necessary or appropriate for the withholding of any taxes which the Corporation is required by any law or regulation of any governmental authority whatsoever to withhold in connection with the Restricted Shares including, without limiting the generality of the foregoing, requiring the Participant's Employer to withhold of all or any portion of any amount due and payable to the Participant by the Employer, until such time as the Participant has paid the Corporation for any amount which the Corporation is required to withhold with respect to such taxes. If the Corporation considers that the foregoing steps undertaken in connection with this section 2.9 result in inadequate withholding or a late remittance of taxes or other source deductions, then the issuance of Restricted Shares pursuant to this Plan may be made conditional upon the Participant (or other person) reimbursing or compensating the Corporation or making arrangements satisfactory to the Corporation for the payment in a timely manner of all taxes and other source deductions required to be remitted.

### **ARTICLE 3 GENERAL**

**3.1 Employment:** Nothing contained in the Plan shall confer upon any Participant any right with respect to employment or continuance of Employment with any Employer or interfere in any way with the right of such Employer to terminate the Participant's employment at any time. Participation in the Plan by a Participant shall be voluntary.

**3.2 Administration:** Subject to the Plan and applicable law, and in addition to other express powers and authorizations conferred on or delegated to the Committee by the Board, the Committee shall, by majority action, have full power to administer the Plan, including, but not limited to the authority to:

- (a) interpret and construe any provisions of the Plan and decide all questions of fact arising in its interpretation;

- (b) correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent deemed necessary or desirable;
- (c) establish, amend, and rescind any rules and regulations relating to the Plan and make such determinations as it deems necessary in order to comply with the requirements of the Plan, or to conform to any law or regulation (including the policies of the Exchange) or to any change in any laws or regulations applicable to the Plan or the administration of the Plan, and to make such modifications as may be required to recognize differences in applicable law, tax practices and policies applicable to Participants as a consequence of their residency, citizenship or place of employment;
- (d) take any and all actions permitted by the Plan; and
- (e) make any other determinations and take such other action in connection with the administration of the Plan that the Committee deems necessary or advisable.

**3.3 Determinations of the Committee Final:** Any calculation, determination or decision by, or opinion of the Committee shall be in its sole discretion (with the assistance of such reputable and qualified independent financial advisors and/or other experts as the Committee may determine) and any such calculation, determination, decision or opinion of the Committee or any other person to whom the administration of the Plan has been delegated, on any and all matters regarding the Plan, shall be final and conclusive on all parties concerned, including, but not limited to, the Corporation, the Employers, the Participants and their beneficiaries and their legal representatives, for all purposes.

**3.4 Delegation of Authority:** The Committee may delegate all or a part of the administration of the Plan to the senior officers of the Corporation to perform certain specific administrative functions in respect of the Plan, and shall determine the scope of such delegation in its sole discretion.

**3.5 Discretionary Relief:** Despite any other provision hereof, the Committee may waive in writing a restriction or forfeiture under the Plan of one or more Restricted Shares of a particular Participant, if the Committee considers that specific individual circumstances warrant such a waiver. No such waiver shall constitute a waiver of any other condition set out in the Plan in respect of the Participant and no waiver in respect of a Participant shall obligate the Committee to provide a similar waiver to any other Participant in similar or different circumstances.

**3.6 Amendment and Termination of Plan:** This Plan and any Restricted Stock Awards granted pursuant to the Plan may be amended, modified or terminated by the Committee including but not limited to amending the Restricted Periods under the Plan without approval of Shareholders subject to any required approval of the Exchange. Notwithstanding the foregoing, the Plan or any Restricted Stock Award may not be amended without Shareholder approval to:

- (a) increase the number of Common Shares subject to the Plan any time pursuant to Section 2.1 hereof;
- (b) permit a Grantee to transfer or assign Restricted Shares to a new beneficial holder other than for estate settlement purposes;
- (c) any amendment to Section 2.2(b); or
- (d) amend this Section 3.6 to delete any of the above.

In addition, no amendment to the Plan or Restricted Stock Awards granted pursuant to the Plan may be made without the consent of the Grantee, if it adversely alters or impairs the rights of any Participant in respect of any Restricted Stock Award previously granted to such Participant under the Plan.

**3.7 General:** The existence of rights under the Plan or any Restricted Stock Agreement shall not affect in any

way, the right or power of the Corporation or its Shareholders to make or authorize any adjustment, recapitalization, reorganization or any other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares of any class or other securities of the Corporation or to change the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of similar character or otherwise.

**3.8 No Representation or Warranty:** The Corporation makes no representation or warranty as to the current or future market value of any Restricted Share issued in accordance with the provisions of the Plan.

**3.9 Indemnification:** Each member of the Board and the Committee is indemnified and held harmless by the Corporation against any costs, charges and expenses whatsoever (including tax liability arising from such indemnification) which such member of the Board or Committee may incur arising out of any action, failure to act, determination or interpretation made in good faith in connection with the Plan, and, to the extent permitted by applicable law, any liability, damages, losses, and expenses incurred in connection with defending against, responding to, negotiation for the settlement of, or otherwise dealing with any claim cause of action or dispute of any kind arising in connection with any actions in administering this Plan.

**3.10 Effective Date:** The Plan is effective as of the date on which it has been approved by the Board.

**3.11 Interpretation:** The Plan shall be governed and construed in accordance with the laws of the Province of Alberta and the laws of Canada as applicable therein.

**3.12 Headings.** The headings contained herein are for the sole purpose of convenience of reference and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of the Plan.

## SCHEDULE "C"

### MONGOLIA GROWTH GROUP LTD.

#### SHARE OPTION PLAN

##### 1. Purpose of Plan

The purpose of the option plan (the "**Stock Option Plan**") is to develop the interest of Directors, Employees and Consultants of the Corporation in the growth and development of the Corporation by providing them with the opportunity through share purchase Options to acquire an increased proprietary interest in the Corporation. Capitalized terms not otherwise defined have the meanings set forth in Section 15 of this Item or in Policy 1.1 *Interpretation* of the TSX Venture Exchange Corporate Finance Manual.

##### 2. Administration

The Stock Option Plan is administered by the Board, or if appointed, by a committee of directors appointed from time to time by the Board pursuant to rules of procedure fixed by the Board (such committee, or if no such committee is appointed, the Board, is hereafter in this Item referred to as the "**Option Committee**").

##### 3. Stock Exchange Rules

All options granted pursuant to this Stock Option Plan shall be subject to rules and policies of any stock exchange or exchanges on which the common shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the "**Exchange**").

##### 4. Granting of Options

The Option Committee may from time to time designate Directors, Employees and Consultants of the Corporation and its subsidiaries (collectively, the "**Optionees**") to whom Options may be granted and the number of Common Shares to be optioned to each, subject to the following (and subject to such additional restrictions and limitations as the policies of the Exchange may impose):

- (a) the aggregate number of Common Shares reserved for issuance on exercise of all Options issued under the Stock Option Plan at any given time shall not exceed ten percent of the number of Outstanding Common Shares at such time, subject to the adjustment as set forth in Section 9 of this Item and the other provisions hereof;
- (b) the aggregate number of Common Shares reserved for issuance to any one Optionee in a 12 month period shall not exceed five percent of the number of Outstanding Common Shares, unless the Corporation complies with the policies of the Exchange;
- (c) the aggregate number of Common Shares reserved for issuance to any one Director, Employee or Consultant under the Stock Option Plan shall not exceed two percent of the number of outstanding Common Shares in any 12 month period;
- (d) The aggregate number of Common Shares reserved for issuance to any one Optionee employed to provide Investor Relations Activities in a 12 month period shall not exceed an aggregate of two percent of the number of Outstanding Common Shares;
- (e) the aggregate number of Common Shares reserved for issuance to all Eligible Charitable Organizations (as defined in the TSX Venture Corporate Finance Manual) will not exceed one percent of the number of Outstanding Common Shares;
- (f) unless the approval of the disinterested shareholders of the Corporation is obtained, the maximum number of Common Shares reserved for issuance pursuant to Options granted to Insiders at any time may not exceed ten percent of the number of Outstanding Common Shares; and

- (g) unless the approval of the disinterested Shareholders of the Corporation is obtained, the maximum number of Common Shares which may be issued to Insiders within a one year period may not exceed ten percent of the number of Outstanding Common Shares;
- (h) The Common Shares that are reserved for issuance on exercise of Options granted pursuant to this Stock Option Plan that are cancelled, terminated or expire in accordance with the terms of the Stock Option Plan prior to the exercise of all or a portion thereof shall be available for a subsequent grant of Options pursuant to this Stock Option Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, terminated or expired Options.

#### 5. Vesting

- (a) The option committee of the Board (the "**Option Committee**") may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, acceleration of vesting (including, without limitation, in the case of a takeover bid or other change of control), or that no vesting restriction shall exist.
- (b) Notwithstanding the foregoing, unless otherwise permitted by the Exchange, Options issued to Consultants performing Investor Relations Activities must vest in stages over a period of not less than 12 months, with no more than one quarter of the Options vesting in any three month period.

#### 6. Exercise Price

- (a) Subject to the policies of the Exchange, the exercise price (the "**Exercise Price**") of any Option must not be less than the Discounted Market Price.

In the event that the Common Shares are not listed and posted for trading on any stock exchange in Canada, the market price of the Common Shares shall be determined by the Board in its sole discretion. Notwithstanding the foregoing sentence, in the event that there has been a publicly announced take-over bid, amalgamation or other transaction involving the Common Shares, while such transaction is still outstanding, the market price shall be the consideration offered pursuant to such transaction (in the event that the consideration is other than cash, the Board shall determine the cash equivalent for the purpose of this provision).

- (b) The Corporation must obtain disinterested Shareholder approval for any reduction in the Exercise Price of an Option that is held by an Insider of the Corporation.

#### 7. Option Terms

The period during which an Option is exercisable shall, subject to the provisions of the Stock Option Plan requiring acceleration of rights of exercise, be such period as may be determined by the Option Committee at the time of grant, provided that no Option may be exercised beyond ten years from the date of grant. Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the Optionee (except as provided herein). In addition, each Option shall provide that:

- (a) upon the death of the Optionee, provided the Optionee was a Service Provider for at least one year following the grant of the Options (unless otherwise determined by the Option Committee), the Option shall terminate on the date determined by the Option Committee, which shall not be more than one year from the date of death; and
- (b) unless the directors of the Corporation determine otherwise, if the Optionee shall no longer be a Service Provider to the Corporation, the Option shall terminate on the expiry of the period (the "**Option Termination Date**") not in excess of 90 days, and in the case of Optionees performing Investor Relations Activities, not in excess of 30 days, prescribed by the Option Committee at the time of grant, following the date that the Optionee ceases to be a Service Provider to the Corporation;

provided that the number of Common Shares that the Optionee (or his heirs or successors) shall be entitled

to purchase until the Option Termination Date shall be the number of Common Shares which the Optionee was entitled to purchase on the date of death or the date the Optionee ceased to be a Service Provider to the Corporation (other than if the Service Provider is terminated by the Corporation for cause).

#### **8. Exercise of Option**

Subject to the Stock Option Plan, an Optionee (or his or her legal personal representative) may exercise from time to time by delivery to the Corporation, at its executive head office in Thunder Bay, Ontario, of a written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Common Shares then being purchased. Upon exercise of the Option, the Corporation will cause to be delivered to the optionee a certificate or certificates, representing such Common Shares in the name of the optionee or the optionee's legal personal representative or otherwise as the optionee may or they may in writing direct.

#### **9. Alterations in Common Shares**

In the event, at any time or from time to time, that the share capital of the Corporation shall be consolidated or subdivided prior to the exercise by the Optionee, in full, of any Option in respect of all of the Common Shares granted, or the Corporation shall pay a dividend upon the Common Shares by way of issuance to the holders thereof of additional Common Shares, Options with respect to any Common Shares which have not been purchased at the time of any such consolidation, subdivision or stock dividend shall be proportionately adjusted so that the Optionee shall from time to time, upon the exercise of an Option, be entitled to receive the number of Common Shares he would have held following such consolidation, subdivision or stock dividend if the Optionee had purchased the Common Shares and had held such Common Shares immediately prior to such consolidation, subdivision or stock dividend. Upon any such adjustments being made, the Optionee shall be bound by such adjustments and shall accept the terms of such Options in lieu of the Options previously outstanding.

#### **10. Option Agreements**

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to Option, the Exercise Price, provisions as to vesting and expiry and any other terms approved by the Option Committee, all in accordance with the provisions of this Stock Option Plan. The agreement will be in such form as the Option Committee may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with this Stock Option Plan, any provisions respecting Options in the income tax or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen, and the rules of any regulatory body having jurisdiction over the Corporation.

#### **11. Regulatory Authorities Approvals**

The Stock Option Plan shall be subject to the approval, if required, of any stock exchange on which the Common Shares are listed for trading. Any Options granted prior to such approval shall be conditional upon such approval being given and no such Options may be exercised unless such approval, if required, is given.

#### **12. Amendment or Discontinuance of the Stock Option Plan**

The Option Committee may amend or discontinue the Stock Option Plan at any time, provided that no such amendment may, without the consent of the Optionee, alter or impair any Option previously granted to an Optionee under the Stock Option Plan and provided further that any amendment to the Stock Option Plan should be subject to prior approval of any stock exchange on which the Common Shares are listed, as required by such exchange, and approval of the shareholders of the Corporation, if required by such exchange.

#### **13. Common Shares Duly Issued**

Common Shares issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully paid and non-assessable upon receipt by the Corporation of the Exercise Price therefor in



accordance with the terms of the Option and the issuance of Common Shares thereunder will not require a resolution or approval of the Board.

#### 14. Transferability

All benefits, rights and options accruing to any Optionee in accordance with the terms and conditions of the Stock Option Plan shall not be transferable or assignable unless to the extent, if any, permitted by the Exchange. During the lifetime of an Optionee any benefits, rights and options may only be exercised by the Optionee.

#### 15. Definitions

In respect of the Stock Option Plan, capitalized terms not otherwise defined in this Item have the meanings set forth below. Notwithstanding the foregoing, where defined terms used herein are also defined in the policies of the Exchange and there are discrepancies between said defined terms, the defined term used in the policies of the Exchange prevail over the defined term used in this Item during such period of time as the Corporation's Common Shares are listed on the Exchange.

- (a) A company is an "**Affiliate**" of another company if:
  - (i) one of them is the subsidiary of the other; or
  - (ii) each of them is controlled by the same company or individual.
- (b) "**company**", unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity, other than an individual.
- (c) "**Consultant**" means, in relation to the Corporation, an individual or Consultant Company, other than an Employee or a Director of the Corporation, that:
  - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a Distribution;
  - (ii) provides the services under a written contract between the Corporation or the Affiliate and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and
  - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.
- (d) "**Consultant Company**" means, for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner.
- (e) "**Directors**" means directors, senior officers and Management Company Employees of the Corporation, or directors, senior officers and Management Company Employees of the Corporation's subsidiaries to whom Options can be granted in reliance on a prospectus exemption under applicable securities laws.
- (f) "**Discounted Market Price**" means the Market Price less the following maximum discounts based on closing price (and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of \$0.05 and a minimum exercise price per Warrant or incentive stock option, as the case may be, of \$0.10):

Closing Price	Discount
up to \$0.50	25%
\$0.51 to \$2.00	20%
Above \$2.00	15%

- (g) "**Distribution**" has the meaning ascribed thereto in the *Securities Act* (Alberta).
- (h) "**Employee**" means:
- (i) an individual who is considered an employee of the Corporation or its subsidiary under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Corporation or its subsidiaries providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Corporation or its subsidiaries on a continuing and regular bona fide basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.
- (i) "**Exchange**" means the CNSX or the TSX Venture Exchange, or, if the Common Shares are not then listed and posted for trading on such exchange, any stock exchange in Canada on which such Common Shares are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board.
- (j) "**Insider**", if used in relation to the Corporation, means:
- (i) a director or senior officer of the Corporation;
  - (ii) a director or senior officer of a company that is an Insider or subsidiary of the Corporation;
  - (iii) a company or individual that beneficially owns or controls, directly or indirectly, voting Common Shares carrying more than ten percent of the voting rights attached to all outstanding voting Common Shares of the Corporation; or
  - (iv) the Corporation itself if it holds any of its own securities.
- (k) "**Investor Relations Activities**" means any activities, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
- (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
    - (A) to promote the sale of products or services of the Corporation; or

- (B) to raise public awareness of the Corporation;
    - (C) that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
  - (ii) activities or communications necessary to comply with the requirements of:
    - (A) applicable securities laws; or
    - (B) the policies of the Exchange or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
  - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
    - (A) the communication is only through the newspaper, magazine or publication; and
    - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
  - (iv) activities or communications that may be otherwise specified by the Exchange.
- (l) "**Management Company Employee**" means an individual employed by a company or individual providing bona fide management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a company or individual engaged in Investor Relations Activities.
  - (m) "**Outstanding Common Shares**" at the time of any share issuance or grant of Options means the aggregate number of Common Shares that are outstanding immediately prior to the share issuance or grant of Options in question on a non-diluted basis, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including, if listed thereon, the Exchange.
  - (n) "**Service Provider**" means a Director, Employee or Consultant of the Corporation.
  - (o) "**subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Alberta) as from time to time amended, supplemented or re-enacted.

## **SCHEDULE "D"**

### **MONGOLIA GROWTH GROUP LTD.**

#### **AUDIT COMMITTEE**

##### **MANDATE AND TERMS OF REFERENCE**

Our Audit Committee Charter outlines the specific roles and duties of the Committee's members.

##### **GENERAL FUNCTIONS, AUTHORITY, AND ROLE**

The Audit Committee is a Committee of the Board of Directors appointed to assist the Board in monitoring (1) the integrity of the financial statements of the Corporation, (2) compliance by the Corporation with legal and regulatory requirements related to financial reporting, (3) qualifications, independence and performance of the Corporation's independent auditors, and (4) performance of the Corporation's internal controls and financial reporting process.

The Audit Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities and personnel of the Corporation, its auditors and its legal advisors. In connection with such investigations or otherwise in the course of fulfilling its responsibilities under this charter, the Audit Committee has the authority to independently retain special legal, accounting, or other consultants to advise it, and may request any officer or employee of the Corporation, its independent legal counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee also has the power to create specific sub-committees with all of the investigative powers described above.

The Corporation's independent auditor is ultimately accountable to the Board of Directors and to the Audit Committee; and the Board of Directors and Audit Committee, as representatives of the Corporation's shareholders, have the ultimate authority and responsibility to evaluate the independent auditor, and to nominate annually the independent auditor to be proposed for shareholder approval, and to determine appropriate compensation for the independent auditor. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee must maintain free and open communication between the Corporation's independent auditors, Board of Directors and management. The responsibilities of a member of the Audit Committee are in addition to such member's duties as a member of the Board of Directors.

While the Audit Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor (other than disagreements regarding financial reporting), or to assure compliance with laws and regulations or the Corporation's own policies.

##### **MEMBERSHIP**

The membership of the Audit Committee will be as follows:

- The Committee will consist of a minimum of three members of the Board of Directors, appointed annually, the majority of whom is affirmatively confirmed as independent by the Board of Directors, with such affirmation disclosed in the Corporation's annual securityholder materials.
- The Board will elect, by a majority vote, one member as chairperson.
- A member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board Committee, accept any consulting, advisory, or other compensatory fee from the Corporation, and may not be an affiliated person of the Corporation or any subsidiary thereof.

## **RESPONSIBILITIES**

The responsibilities of the Audit Committee shall be as follows:

### **1. Frequency of Meetings**

- Meet annually or as often as may be deemed necessary or appropriate in its judgment, either in person or by teleconference.
- Meet with the independent auditor at least annually, either in person or telephonically.

### **2. Reporting Responsibilities**

- Provide to the Board of Directors proper Committee minutes.
- Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate.
- Provide a report for the Corporation's Annual Information Circular.

### **3. Charter Evaluation**

- Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

### **4. Whistleblower Mechanisms**

- Adopt and review annually a mechanism through which employees and others can directly and anonymously contact the Audit Committee with concerns about accounting and auditing matters. The mechanism must include procedures for responding to, and keeping of records of, any such expressions of concern.

### **5. Independent Auditor**

- Nominate annually the independent auditor to be proposed for shareholder approval.
- Approve the compensation of the independent auditor, and evaluate the performance of the independent auditor.
- Establish policies and procedures for the engagement of the independent auditor to provide non-audit services.
- Ensure that the independent auditor is not engaged for any activities not allowed by any of the Canadian provincial securities commissions, the SEC or any securities exchange on which the Corporation's shares are traded.
- Ensure that the auditors are not engaged for any of the following nine types of non-audit services contemporaneous with the audit:
  - bookkeeping or other services related to accounting records or financial statements of the Corporation;
  - financial information systems design and implementation;
  - appraisal or valuation services, fairness opinions, or contributions-in-kind reports;
  - actuarial services;

- internal audit outsourcing services;
- any management or human resources function;
- broker, dealer, investment advisor, or investment banking services;
- legal services; and
- expert services related to the auditing service.

6. **Hiring Practices**

- Ensure that no senior officer who is, or in the past full year has been, affiliated with or employed by a present or former auditor of the Corporation or an affiliate, is hired by the Corporation until at least one full year after the end of either the affiliation or the auditing relationship.

7. **Independence Test**

- Take reasonable steps to confirm the independence of the independent auditor, which shall include:
  - insuring receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Corporation, consistent with the Independence Standards Board Standard No. 1 and related Canadian regulatory body standards;
  - considering and discussing with the independent auditor any relationships or services, including non-audit services, that may impact the objectivity and independence of the independent auditor; and
  - as necessary, taking, or recommending that the Board of Directors take, appropriate action to oversee the independence of the independent auditor.

8. **Audit Committee Meetings**

- At the request of the independent auditor, convene a meeting of the Audit Committee to consider matters the auditor believes should be brought to the attention of the Board or shareholders.
- Keep minutes of its meetings and report to the Board for approval of any actions taken or recommendations made.

9. **Restrictions**

- Ensure no restrictions are placed by management on the scope of the auditors' review and examination of the Corporation's accounts.
- Ensure that no officer or director attempts to fraudulently influence, coerce, manipulate or mislead any accountant engaged in auditing of the Corporation's financial statements.

**AUDIT AND REVIEW PROCESS AND RESULTS**

10. **Scope**

- Consider, in consultation with the independent auditor, the audit scope and plan of the independent auditor.

11. **Review Process and Results**

- Consider and review with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as the same may be modified or supplemented from time to time.

- Review and discuss with management and the independent auditor at the completion of the annual examination:
  - the Corporation's audited financial statements and related notes;
  - the Corporation's MD&A and news releases related to financial results;
  - the independent auditor's audit of the financial statements and its report thereon;
  - any significant changes required in the independent auditor's audit plan;
  - any non-GAAP related financial information;
  - any serious difficulties or disputes with management encountered during the course of the audit; and
  - other matters related to the conduct of the audit, which are to be communicated to the Audit Committee under generally accepted auditing standards.
- Review, discuss with management and approve annual and interim quarterly financial statements prior to public disclosure.
- Review and discuss with management and the independent auditor the adequacy of the Corporation's internal controls that management and the Board of Directors have established and the effectiveness of those systems, and inquire of management and the independent auditor about significant financial risks or exposures and the steps management has taken to minimize such risks to the Corporation.
- Meet separately with the independent auditor and management, as necessary or appropriate, to discuss any matters that the Audit Committee or any of these groups believe should be discussed privately with the Audit Committee.
- Review and discuss with management and the independent auditor the accounting policies which may be viewed as critical, including all alternative treatments for financial information within generally accepted accounting principles that have been discussed with management, and review and discuss any significant changes in the accounting policies of the Corporation and industry accounting and regulatory financial reporting proposals that may have a significant impact on the Corporation's financial reports.
- Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures, if any, on the Corporation's financial statements.
- Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Corporation's financial statements or accounting policies.
- Review with the Corporation's General Counsel legal matters that may have a material impact on the financial statements, the Corporation's financial compliance policies and any material reports or inquiries received from regulators or governmental agencies related to financial matters.

## **SECURITIES REGULATORY FILINGS**

- Review filings with the Canadian provincial securities commissions and other published documents containing the Corporation's financial statements.
- Review, with management and the independent auditor, prior to filing with regulatory bodies, the interim quarterly financial reports (including related notes and MD&A) at the completion of any review engagement or other examination. The designated financial expert of the Audit Committee may represent the entire Audit Committee for purposes of this review.

## **RISK ASSESSMENT**

- Meet periodically with management to review the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- Assess risk areas and policies to manage risk including, without limitation, environmental risk, insurance coverage and other areas as determined by the Board of Directors from time to time.

## **AMENDMENTS TO AUDIT COMMITTEE CHARTER**

- Annually review this Charter and propose amendments to be ratified by a simple majority of the Board.