



**OLIVUT RESOURCES LTD.**

**ANNUAL INFORMATION FORM**  
**Fiscal Year Ended October 31, 2013**

**December 11, 2013**

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## FORWARD-LOOKING STATEMENTS AND FUTURE ORIENTED FINANCIAL INFORMATION

Included in this Annual Information Form, and the documents incorporated herein by reference are forward-looking statements, including future oriented financial information, with respect to Olivut Resources Ltd. (“**Olivut**” or the “**Corporation**”). Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “does not expect”, “is expected”, “budget”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or equivalents or variations, including negative variations, of such words and phrases, or state that certain actions, events or results, “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements include, without limitation, those with respect to the future price of diamonds, changes to mineral reserves and resources, the realization of mineral reserves estimates, the timing and amount of estimated future success of exploration activities, changes to the Corporation’s hedging practices, currency fluctuations, requirements for additional capital, changes to government regulation of mining operations, outcomes of title disputes or claims and the timing and possible outcome of pending litigation. Forward-looking statements rely on certain underlying assumptions that if not realized, can result in such forward-looking statements not being achieved. For example, certain of these underlying assumptions include: that the current year’s exploration program will build on that of the past year’s and therefore, exploration costs do correlate to those expenditures made historically to the same suppliers and vendors; that the ability to conduct exploration in 2013 effectively indicates the ability to do so in the near future; that the ability for the Corporation to raise capital in the future remains consistent with past experiences when raising capital and that diamonds will remain a sought after commodity which will in turn enable the Corporation to raise funds when necessary and that current and past government regulation will not change to adversely affect the Corporation’s ability to conduct its programs. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Corporation to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, the inherent risks involved in the exploration and development of mineral properties, uncertainties involved in interpreting drilling results and other ecological data, fluctuating mineral prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors described in the section entitled “*Description of the Business – Risk Factors*”. Although the Corporation has attempted to identify important factors that could cause actual actions or events or cause actions, events or results not to be estimated or intended, there can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable Canadian securities laws, the Corporation does not update or revise any such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements.

Unless otherwise stated in this Annual Information Form, the information contained herein is at October 31, 2013 and all currency references are in Canadian dollars.

## CORPORATE STRUCTURE

### Name, Address and Incorporation

Olivut Resources Ltd. was incorporated under the British Columbia Business Corporations Act on June 23, 2000 and was continued into the jurisdiction of Ontario under the Ontario Business Corporations Act on January 5, 2007.

As of the date of this Annual Information Form, the Corporation's head office is located at 27010 Hwy 16, 14 Mountain Park Properties, Jasper East, Alberta and the registered office is located at 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1B9.

### Inter-corporate Relationships

On August 30, 2006, the Corporation incorporated a wholly-owned subsidiary, 2111940 Ontario Inc. ("**Subco**") under the *Ontario Business Corporations Act*. On January 8, 2007, Subco amalgamated with Olivut Investments Ltd. ("**Olivut Investments**"), a private diamond exploration company which had continued into the jurisdiction of Ontario from the Northwest Territories on June 16, 2006. The resulting entity was known as "Olivut Investments Ltd." and was a wholly-owned subsidiary of the Corporation. Effective November 1, 2008 the Corporation amalgamated with Olivut Investments Ltd.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

As of the date of this Annual Information Form, the Corporation is engaged in the acquisition, exploration and development of properties for the purpose of mining precious minerals.

The Corporation holds a 100% interest in the "**HOAM Project**" which relates to two prospecting permits and 16 mineral claims covering 131,678.85 acres in the south-western part of the Northwest Territories. The HOAM Project is the subject of the National Instrument 43-101F1 report dated March 11, 2013 entitled: "*Technical Report on The HOAM Project, Northwest Territories, Canada, NTS Map Sheets 85L, 85M, 95A, 95G, 95H, 95I, 95J, 95O, 95P, 96A and 96B*" prepared by Paul Pitman, B.Sc., P.Geo. (the "**HOAM Report**"). A copy of the HOAM Report is available under the Corporation's public documents on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com). The report was filed on March 12, 2013.

In July 2011 the Company signed an option agreement with Latin American Minerals Inc. and certain of its Paraguayan subsidiaries to explore the Itapoty Diamond Project located in central Paraguay, South America. Pursuant to the results of subsequent exploration activities, Olivut terminated the option agreement effective September 6, 2013. As a result, the option agreement covering the certain properties in Paraguay, South America, has ceased to be of any further force or effect, other than those provisions of the option agreement which expressly survive its termination.

In May 2009, the Corporation signed an option agreement (the "**Rivera Option**") with Orosur Mining Inc. ("**OMI**") for the Rivera Project located in northern Uruguay, South America which is held by Cinco Rios S.A., a wholly owned subsidiary of OMI. On June 7, 2012 the Corporation provided notice to Cinco Rios S.A. and OMI that, pursuant to terms of the Rivera Option, the Corporation intended to terminate the

Rivera Option effective as of June 17, 2012. As a result, the Rivera Option covering certain properties in Uruguay, South America, has ceased to be of any further force or effect, other than those provisions of the Rivera Option which expressly survive its termination. No verifiable kimberlites were discovered in the project area.

### ***Business Combination – Acquisition of the HOAM Project***

On November 6, 2006, the Corporation entered into a business combination agreement (the “**Business Combination Agreement**”) with Olivut Investments. Pursuant to the terms of the Business Combination Agreement, Olivut Investments amalgamated (the “**Amalgamation**”) with Subco pursuant to an amalgamation agreement dated November 6, 2006 among the Corporation, Olivut Investments and Subco (the “**Amalgamation Agreement**”). On January 5, 2007, the Corporation’s common shares were subdivided on a 1 for 1.558 basis such that the issued and outstanding common shares of the Corporation were subdivided into 10,310,532 new common shares of the Corporation. The Corporation issued to each registered holder of shares of Olivut Investments one common share of the Corporation for each share of Olivut Investments. Each outstanding common share of Subco was exchanged for one share of Olivut Investments. As consideration for the issuance of the common shares of the Corporation to affect the Business Combination, Olivut Investments issued to the Corporation one share of Olivut Investments for each common share of the Corporation so issued.

The Business Combination was completed on January 8, 2007 and constituted the Corporation’s Qualifying Transaction under the policies of the TSX Venture Exchange (the “**TSXV**”). On January 9, 2007 the Corporation received final approval of the Business Combination Agreement from the TSXV, and shares of the Corporation began trading on the TSXV on January 10, 2007.

In addition, the Corporation’s Share Option Plan (the “**Option Plan**”), originally adopted on April 30, 2004 was resumed upon completion of the Business Combination. The Option Plan provides that the Board of Directors of the Corporation may, from time to time, in their discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable incentive stock options to purchase Olivut Shares, exercisable for a period of up to five years.

### ***Private Placements***

On May 14, 2007 the Corporation issued, by way of a brokered private placement, 4,600,000 units (the “**Units**”) at \$1.75 per Unit for gross proceeds of \$8,050,000. Each Unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Corporation at an exercise price of \$2.00 per common share and was to expire on May 14, 2009. On March 17, 2009 the expiry date was extended to May 14, 2011. In connection with this offering, the brokers received 322,000 broker warrants, each warrant giving them the right to purchase one common share at \$2.00 per share up to May 14, 2008; these warrants expired unexercised.

On December 22, 2011 the Corporation closed a non-brokered private placement for aggregate gross proceeds of approximately \$2,198,800 (the “**Private Placement**”). The Private Placement comprised placements of (i) 1,079,200 flow-through common shares (the “**FT Shares**”) for proceeds of \$1,349,000 at a price of \$1.25 per FT Share (the “**FT Placement**”), and (ii) 772,545 common shares (the “**Common Shares**”) for proceeds of approximately \$849,800 at a price of \$1.10 per Common Share (the “**Common Share Placement**”).

A number of insiders participated in the FT Placement, thereby making the Private Placement a “related party transaction” as defined under *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). Mr. Pierre Lassonde, an insider of the Corporation, purchased 800,000 FT Shares to own or control 6,025,571 common shares. Ms. Leni Keough, President and Chief Executive Officer and a director of the Corporation, purchased 80,000 FT Shares to own or control 1,959,755 common shares. Mr. Ian Shaw, Chief Financial Officer of the Corporation, purchased 20,000 FT Shares to own or control 20,000 common shares.

On December 12, 2012 the Corporation closed a non-brokered private placement comprised of 342,105 common shares with flow-through tax benefits to the shareholders (the “**FT Shares**”) for proceeds of \$325,000 at a price of \$0.95 per FT Share (the “**Private Placement**”).

One insider participated in the Private Placement, thereby making the Private Placement a “related party transaction” as defined under MI 61-101. Ms. Leni Keough, President and Chief Executive Officer and a director of the Company, purchased 26,316 FT Shares and owned or controlled 1,986,071 common shares or approximately 5.8% of the total common shares issued and outstanding after completion of this Private Placement (or 3,548,571 common shares representing approximately 9.9% of the issued and outstanding common shares assuming the exercise of convertible securities already owned by Ms. Keough entitling her to acquire 1,562,500 common shares upon conversion).

### ***Securities Purchase Agreement***

On March 12, 2013 the Company announced that it entered into a Share Purchase Agreement (“**SPA**”) to raise up to \$18 million over approximately the next 36 months in a tranching placement of securities to the Canadian Special Opportunity Fund, L.P. (“**CSOF**”), a fund managed by The Lind Partners, a New York-based asset management firm (together “**Lind**”).

Under the terms and conditions of the SPA, Lind invested \$500,000 on March 13, 2013 with the ability to invest an additional \$200,000 approximately every month over the following 35 months. These monthly tranches may be increased to a maximum of \$500,000 upon mutual agreement between Olivut and Lind and may be less than \$200,000 if any single tranche exceeds 0.55% of the Company’s market capitalization (“**Market Capitalization Test**”) or if certain other terms of the SPA are triggered.

The initial investment of \$500,000 consisted of (i) a \$300,000 callable, convertible security that may be converted into 689,655 units (each a “**Unit**”) and (ii) common shares to a value of \$200,000 which were to be issued on April 10, 2013 at the Purchase Price defined below. On April 11, 2013 the Company announced that CSOF had elected not to receive common shares as consideration for the initial \$200,000 tranche funding received on March 13, 2013. In accordance with the terms of the SPA, at the Company’s election the initial \$200,000 tranche financing that would otherwise have been repayable to CSOF would instead be set off against the prepayment due in connection with a subsequent cash advance under the SPA. Therefore, the \$200,000 of common shares expected to be issued on April 10, 2013 to repay the initial cash advance, were subsequently issued on May 10, 2013.

The first 500,000 Units to be issued with respect to the convertible security shall be comprised of one common share and one warrant (the warrant entitling the holder to purchase one common share, as further described below) and the remaining Units issued shall be exercisable for one common share.

The convertible security has a term of 36 months with a 0% interest rate and is unsecured and subordinated. Lind has the right to call the security at any time commencing upon the earlier of (i)

September 13, 2013 or (ii) the date on which the Company terminates the SPA. The convertible security may be converted into Units any time.

Each warrant that may be issued entitles the holder to purchase one common share at \$0.5957 per share until March 13, 2016; half of the warrants vest immediately and half vest upon the earlier of March 13, 2014 or immediately upon termination of the SPA by the Company.

The number of common shares to be issued for each tranche will be calculated based on a price per common share equal to 92.5% of the Daily Volume Weighted Average Price (“VWAP”) per common share on the TSXV for the 5 days chosen by Lind out of the 20 trading days preceding such issuance date and provided such price will not be less than the higher of (i) the closing price per common share or (ii) the volume-weighted average price per common share, on the TSXV on the trading day immediately preceding the relevant cash advance date, in either case, less the maximum permitted discount under TSXV regulations. The share issuance date for each tranche is 28 days after the funds are received.

The SPA includes explicit no shorting provisions. Lind, its affiliates, associates and insiders will not: sell Olivut shares that it does not hold in its inventory and that it does not own outright; pre-sell shares that it expects to receive or has contracted to receive, where such shares have not yet been issued and delivered to it; borrow shares to be sold; or borrow shares to cover a short position, The SPA also includes a floor price which enables Olivut to refuse to issue stock below \$0.40 and the option for Olivut to terminate the SPA at any time, subject to compliance with the terms of the SPA.

As part of the financing, Lind received a commitment fee of \$200,000 which was paid in 505,944 common shares.

During the year ended October 31, 2013, the following tranche share issuances have been made to Lind:

| <b>Date</b>   | <b>Amount<br/>\$</b>        | <b>Price Per Share<br/>\$</b> | <b>Shares<br/>#</b> |
|---------------|-----------------------------|-------------------------------|---------------------|
| May 10, 2013  | 200,000                     | 0.2807                        | 712,504             |
| June 11, 2013 | 68,373 <sup>(1)</sup>       | 0.2700                        | 253,233             |
| July 11, 2013 | <u>64,500<sup>(1)</sup></u> | 0.2312                        | <u>278,979</u>      |
|               | <u>332,873</u>              |                               | <u>1,244,716</u>    |

Notes:

1. The tranche amounts were limited by the Market Capitalization Test.

Copies of the qualifying base shelf prospectus dated March 11, 2013, the prospectus supplement dated March 12, 2013 and specific Pricing Supplements for securities issued in connection with the SPA are available on SEDAR. These documents, as well as any documents incorporated therein by reference, may be obtained on request without charge from Olivut at its offices located at 27010 Highway 16, 14 Mountain Park Properties, Jasper East, Alberta, or by faxing a written request to (780) 866-3713, by mail to P.O. Box 6690 Hinton, Alberta T7V 1X8 or by accessing the disclosure documents available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

## DESCRIPTION OF THE BUSINESS

### General

#### **Summary**

As of the date of this Annual Information Form, the principal business carried on and intended to be carried on by the Corporation is the acquisition, exploration and development of properties for the purpose of mining precious minerals. The Corporation is in the process of exploring its properties for mineral resources and has not determined whether the properties contain economically recoverable reserves. The business of exploring and mining for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations (see “Description of the Business - Risk Factors”).

#### **Royalty Agreement**

A royalty agreement (the “**Royalty Agreement**”) was entered into on December 23, 2003 among Olivut Investments, Leni Keough, Eric Craigie and Adamas Minerals Inc. (“**Adamas**”), which agreement was assumed by Olivut Investments upon Olivut Investments’ prior amalgamation with Adamas, completed on June 26, 2006. Effective November 1, 2008 the Corporation amalgamated with Olivut Investments. If certain of the property in the HOAM Project area (as specified in the Royalty Agreement) is put into commercial production, the Corporation is obligated to pay each of Ms. Keough and Mr. Craigie a net smelter returns royalty equal to 0.75% of the net smelter returns.

#### **Exploration Property**

##### ***The HOAM Project, Northwest Territories, Canada***

The area of interest of Olivut’s HOAM Project covers part of the Interior Plains region south of Great Bear Lake in the south-western part of the Northwest Territories.

The HOAM Report is incorporated by reference into this Annual Information Form. A copy of the HOAM Report is available under the Corporation’s public documents on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

The following is the summary from the HOAM Report:

*“The Project area of interest lies within the Interior Platform geologic province, a basin of Phanerozoic sedimentary rocks lying between the Canadian Shield to the east and the Cordillera to the west. Precambrian crystalline and metasedimentary rocks outcrop to the east of the area and these rocks underlie and form a basement to the Interior Platform sediments. The Phanerozoic units include carbonate and shale with minor sandstone and evaporite; combined thickness of these units varies from a few hundred metres in the eastern part of the area to in excess of two kilometres in the west.*”

*In 1993, Olivut commenced a program of diamond exploration. During 1993 and 1994, the Company completed regional stream sediment and till sampling across the western part of the area of interest. This work confirmed that kimberlite indicator minerals are abundant within the area and the indicators have good chemistry with high proportions of G10 garnets and magnesium-rich picroilmenites. In 1996, airborne magnetic surveys were flown across parts of the area. Several excellent anomalies were outlined west of the Liard River. Ground magnetic*

surveys were conducted and three of the anomalies were drill tested confirming that all three were caused by kimberlite intrusions. Although no diamonds were recovered from small samples of core, the results were considered promising, suggesting that this part of the Interior Plains was a new kimberlite province.

In 2006, a report was prepared on the mineral properties comprising the HOAM Project (Pitman, 2006). The writer concluded that the project area exhibited excellent potential for discovery of diamond-bearing kimberlites and a concerted exploration effort directed towards the delineation of an economic diamond deposit was strongly recommended.

Between 2006 and 2011, Olivut conducted additional stream sediment and till sampling and a gravity survey, but the bulk of the work during this period comprised airborne magnetic surveys and core drilling. Olivut completed 73,738 line kilometres of fixed wing airborne magnetics at 200 metre line spacing, 3,459 line kilometres of helicopter airborne magnetics, mostly at 50 metre line spacing, 16,249 kilometres of detailed fixed-wing airborne magnetics, at 50 and 100 metre line spacing and 8,565.3 metres of core drilling in 70 holes. This work resulted in the discovery of twenty-five kimberlites. In November 2011, work on the HOAM Project was summarized in a National Instrument 43-101 Technical Report (Pitman, 2011).

In 2012, Olivut Resources conducted additional core drilling on the HOAM Project. Eleven holes comprising 1522.8 metres were drilled and resulted in the discovery of one additional kimberlite bringing the total number of discoveries on the HOAM Project to twenty-nine. This report provides an update of the November 2011 Technical Report and is substantially the same as the November 2012 Technical Report subject to minor revisions to the notice on page 5 and to section 9.5 on page 35 herein; it includes all work on the HOAM Project to November 30, 2012.

Most of the kimberlites are characterized by moderate to strong magnetic signatures. It has been concluded that such targets are not the sources of the high diamond potential kimberlite indicator mineral populations. Similar scenarios have been recognized in a number of other kimberlite districts (e.g., Ekati, Churchill, Victoria Island and Pelly Bay), where significantly diamondiferous kimberlite bodies commonly have very weak magnetic signatures. Re-evaluation of selected blocks of the HOAM regional airborne geophysics established the presence of weaker magnetic targets with high potential of reflecting kimberlite bodies. Many of these targets occur in areas with highly anomalous concentrations of kimberlite and diamond indicator minerals in stream sediments.

It is recommended that follow-up work on the HOAM Project comprises in-fill airborne magnetic surveys, detailed airborne magnetic surveys, claim staking and core drilling. If adequate funding is available, most of the work could be done during the 2013 field season. The airborne surveys could commence in May and would require about 8 weeks to complete. Drilling should commence after break-up in late May and would require about 12 weeks. Staking would be done to acquire prospective magnetic targets prior to drilling. Total costs for the proposed work are \$3,645,000.

This review of the geological, geochemical, geophysical and drill data on the HOAM Project leads the writer to conclude that the area continues to exhibit excellent potential for diamond-bearing kimberlites. Olivut's work in this area appears to be well-justified and well-focused and has good potential for success."

Subsequent to the completion of the HOAM Report, in September 2013 a detailed helimag program was undertaken to assess moderate to high priority anomalies identified from the ongoing analysis of Olivut's regional airborne magnetic database. Twenty-three blocks were flown at 50 metre line spacing. The blocks were selected based on logistical parameters to maximize the amount of data that could be obtained within a limited 2013 field budget. Numerous other moderate to high priority regional magnetic targets occur elsewhere in the project area and will be a priority for the next phase of detailed airborne surveys.

As a result of the new helimag detail, seventeen targets are classified as being of moderate to high interest. Detailed magnetic modelling of these targets will be completed before they are added to the current priority drill list. Several targets are very discreet and are of high interest.

A larger helimag block was flown over an area of known kimberlite occurrences to assess regional structures and define weaker magnetic responses. Compilation and assessment of this information is ongoing but the Company is very pleased with preliminary results from this test area. This new data has implications for exploration within the broader region of the HOAM project area.

Numerous additional moderate to high priority targets have been delineated by an ongoing evaluation of regional geophysical data being conducted by an independent expert to provide information for future work. The objective of this evaluation is to identify potential new kimberlite occurrences. Based on the indicator mineral chemistry, geophysics and drill results, management believes that there is high potential for economic kimberlite pipes to be discovered in the project area.

## **Risk Factors**

Due to the nature of the Corporation's business and present stage of exploration and development of the HOAM Project, the Corporation may be subject to significant risks. Readers should carefully consider all such risks, including those set out below. The Corporation's actual exploration and operating results may be very different from those expected as at the date of this Annual Information Form.

### **1. Future Capital Requirements / Going Concern**

The Corporation will require additional financing in order to continue as a going concern, as well as to grow and expand its operations. It is possible that required future financing will not be available or, if available, will not be available on favourable terms. If the Corporation issues treasury shares to finance its operations or expansion plans, control of the Corporation may change and shareholders may suffer dilution of their investment. If adequate funds are not available, or are not available on acceptable terms, the Corporation may not be able to take advantage of opportunities, or otherwise respond to competitive pressures or remain in business.

### **2. Financial Risk Factors**

The Corporation's financial risk exposures and the impact on the Corporation's financial instruments are summarized below:

#### **a) Credit Risk**

The Corporation's credit risk is primarily attributable to cash and cash equivalents, amounts receivable and a loan receivable. The Corporation has no significant credit risk arising from

operations. Cash and cash equivalents consist of bank deposits with a Canadian chartered bank and guaranteed investment certificates issued by a Canadian chartered bank. The loan receivable is described in Note 10 of the Corporation's Financial Statements as at October 31, 2013 and is secured by all assets of the borrower. Management believes that the credit risk with respect to these financial instruments is remote.

b) Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient cash to meet liabilities when due. As at October 31, 2013, the Corporation had a cash and cash equivalents balance of \$1,077,430 (October 31, 2012 - \$1,295,854) to settle current liabilities of \$339,358 (October 31, 2012 - \$226,634). All of the Corporation's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Corporation's ability to continue operations and fund its business is dependent on management's ability to secure additional financing. It is anticipated that the Corporation will continue to rely on equity financing to meet its ongoing working capital requirements. On the basis of the Corporation's current cash position, management of the Corporation believes that it has sufficient funds to meet its ongoing administrative and general costs until the fiscal year end October 31, 2014 and will be soliciting additional financing during the next year to enable the Corporation to continue exploration on its HOAM Project and to consider new opportunities. Management carefully monitors its cash balances and may postpone material exploration expenses so as to protect the Corporation's working capital if equity markets do not permit additional financing.

c) Market Risk

(i) *Interest Rate Risk*

The Corporation has cash and cash equivalents balances and no interest bearing debt at October 31, 2013. The Corporation's current policy is to invest cash in investment-grade short-term guaranteed investment certificates issued by its banking institution. The Corporation periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Corporation considers interest rate risk to be minimal as investments are short-term, the Corporation does not carry interest-bearing debt, the loan receivable is at a fixed interest rate and it is expected that future financings, if any, would be secured from equity placements rather than debt obligations.

(ii) *Foreign Currency Risk*

The Corporation's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes that the foreign exchange risk from currency conversions is negligible. The Company acted as operator of an exploration project in Paraguay as discussed in "The Three Year History". At October 31, 2013, the Company has spent \$423,654 on this project. The option agreement relating to this project was terminated by the Company effective September 6, 2013. Management believes that the Company will not be subject to any material foreign currency risk related to this option.

(iii) *Price Risk*

The Corporation is exposed to price risk with respect to commodity prices. Although the Corporation has no influence on commodity prices, it closely monitors commodity prices to determine appropriate courses of action.

d) Fair Value

The Corporation has designated its cash equivalents as held-for-trading, measured at fair value. Amounts receivable and loan receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The carrying amounts for amounts receivable and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited terms of these instruments. The fair value of the loan receivable approximates carrying value as the interest rate approximates the current rate for similar instruments.

The Corporation's financial instruments that are carried at fair value consist of cash equivalents that do not have quoted market prices. They have been classified as level 2 within the fair value hierarchy.

e) Sensitivity to Financial Risks

The Corporation considers interest rate risk to be minimal as investments are short-term; the loan receivable described in Note 10 of the Corporation's Financial Statements as at October 31, 2013 has a fixed interest rate of 7% and the Corporation does not carry interest bearing debt. It is expected that future financings, if any, would be secured from equity placements rather than debt obligations. Based on cash and cash equivalents held by the Corporation as at October 31, 2013, a 1% increase or decrease in the interest rate would generate a respective increase or decrease in interest income of approximately \$12,000.

The Corporation does not hold any balances in foreign currencies to give rise to foreign exchange risk.

Price risk is remote since the Corporation is not a producing entity.

There were no changes in the year ended October 31, 2013 that were attributed to financial risk.

**3. Exploration, Development and Mining Risks**

Resource exploration, development and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Corporation relies upon consultants and others for exploration, development, construction and operating expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

The HOAM Project is exploration stage only and is without a known body of commercial ore. Development of the HOAM Project would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; diamond prices; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital.

#### **4. Mineral Resources**

As of the date of this Annual Information Form, no resources have been defined at the HOAM Project. There is no certainty that further exploration and development will result in the definition of indicated, or measured resources, or probable or proven reserves, at the HOAM Project.

#### **5. Title to Properties**

The acquisition of title to resource properties is a very detailed and time-consuming process. Title to, and the area of, resource claims may be disputed. Although the Corporation believes it has taken reasonable measures to ensure that title to the claims, permits and licenses comprising the HOAM Project are held as described in this Annual Information Form, there is no guarantee that title to any of those claims, permits or licenses will not be challenged or impaired. There may be valid challenges to the title of any of the claims comprising the HOAM Project that, if successful, could impair development or operations or both.

#### **6. Land Claims**

At the present time, none of the properties in which the Corporation has an interest is the subject of an aboriginal land claim. However, no assurance can be provided that such will not be the case in the future.

#### **7. Uninsurable Risks**

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons.

#### **8. Environmental and Safety Regulations and Risks**

All of the Corporation's operations will be subject to environmental regulations, which can make operations expensive or prohibit them altogether. The Corporation may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production. In addition, environmental hazards may exist on a property in which the Corporation directly or indirectly holds

an interest that are unknown to the Corporation at present which have been caused by previous or existing owners or operators of the property.

Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. To the extent the Corporation is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Corporation. If the Corporation is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Corporation. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations.

The Corporation attempts to minimize potential risks and liabilities associated with pollution of the environment and the disposal of waste products by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to international environmental standards. There is also a risk that the environmental laws and regulations may become more onerous, making the Corporation's operations more expensive.

#### **9. *Future Profits/Losses and Production Revenues/Expenses***

There can be no assurance that significant losses will not occur in the near future or that the Corporation will be profitable in the future. The Corporation's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing exploration, development and, if warranted, commercial production of the HOAM Project and any other properties the Corporation may acquire are added as needed. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and the Corporation's acquisition of additional properties amid other factors, many of which are beyond the Corporation's control. The Corporation does not expect to receive revenues from operations in the foreseeable future, if at all. The Corporation expects to incur losses unless and until such time as the HOAM Project and any other properties the Corporation may acquire enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the HOAM Project and any other properties the Corporation may acquire will require the commitment of substantial resources to conduct the time-consuming exploration and development of the properties. There can be no assurance that the Corporation will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

#### **10. *Competition***

The international mining industry is highly competitive and the Corporation competes with other mining companies, many of which have greater resources and experience. Competition in the diamond mining industry is primarily for: mineral rich properties which can be developed and can produce economically; the technical expertise to find, develop and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine diamonds, but also conduct production and marketing

operations on a world-wide basis. Such competition may result in the Corporation being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Corporation's inability to compete with other mining companies for these resources would have a material adverse effect on the Corporation's results of operation and business.

#### **11. Key Employees**

The Corporation depends on a number of key employees, the loss of anyone of who could have an adverse effect on the Corporation.

#### **12. Conflicts of Interest**

The Corporation's Directors and Officers may serve as Directors or Officers of other natural resource companies or companies providing services to the Corporation or they may have significant shareholdings in other resource companies. Situations may arise where the Directors and/or Officers of the Corporation may be in competition with the Corporation. Any conflicts of interest will be subject to and governed by the law applicable to Directors' and Officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of the Corporation's Directors, a Director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with applicable laws, the Directors of the Corporation are required to act honestly, in good faith and in the best interests of the Corporation. In determining whether or not the Corporation will participate in a particular program and the interest therein to be acquired by it, the Directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

#### **13. Limited Operating History**

There is no assurance that the Corporation will earn profits in the future, or that profitability, if achieved, will be sustained. If the Corporation does not have sufficient capital to fund its operations, it may be required to forego certain business opportunities, or be subject to having its interest diluted or lost in existing properties.

#### **14. Dependence on Management and Employees**

Holders of the Corporation's shares must rely upon the experience and expertise of the management and employees of the Corporation. The Corporation's success is dependent upon its ability to attract and retain experienced management and employees.

#### **15. Management of Growth**

Any expansion of the Corporation's business may place a significant strain on its financial, operational and managerial resources. There can be no assurance that the Corporation will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage any growth it experiences. There can be no assurance that the Corporation will be able to manage growth successfully. Any inability of the Corporation to manage growth successfully

could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation may expand its operations through the acquisition of or joint venturing with additional businesses, products or technologies that it believes will complement its current or future business. There can be no assurance that the Corporation will be able to identify, acquire or profitably manage additional businesses or successfully integrate any acquired businesses, products or technologies into the Corporation without substantial expenses, delays or other operational or financial problems. Furthermore, acquisitions and joint ventures involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or circumstances, and legal liabilities, some or all of which could have a material adverse effect on the Corporation's business, results of operations and financial condition. In addition, there can be no assurance that the Corporation can complete any acquisition or joint venture it pursues on favourable terms, that any acquired businesses, products or technologies will achieve anticipated revenues and income, or that any acquisitions or joint venture completed will ultimately benefit the Corporation's business. An acquisition or joint venture could also result in a potentially dilutive issuance of equity securities. If a strategy of growth through acquisition or joint venture is pursued, the failure of the Corporation to manage this strategy successfully could have a material adverse effect on the Corporation's business, results of operations and financial condition.

#### **16. Government Regulations**

The Corporation and/or its potential joint venture partners may be subject to various laws, regulations, regulatory actions and court decisions that may have negative effects on the Corporation. Changes in the regulatory environment imposed upon the Corporation or its potential joint venture partners could adversely affect the ability of the Corporation to attain its corporate objectives.

#### **17. Diamond Price Volatility**

If the Corporation is successful in developing a commercial deposit, its future revenues, if any, will be dependent on the market price of diamonds. Diamond prices are dynamic and influenced by a range of factors. Volatile foreign currency rates, stock market performance, expansion or decline of global economies and even the success of advertising programs can all have a direct impact on prices for select types of diamonds. As well, changes in overall market direction related to supply and demand have very significant implications for diamond price levels and volatility. All of these factors, which are outside the control of the Corporation and the effect of which cannot be predicted, will influence the operating results and potential profitability of the Corporation in the event it is successful in developing a commercial diamond deposit.

#### **18. Share Price Volatility**

The market price of the Corporation's shares is likely to be highly volatile and may be significantly affected by factors such as actual or anticipated fluctuations in the Corporation's operating results, announcements of technological innovations, changes in estimates or analyses by securities analysts, new exploration projects by the Corporation or its competitors, government regulatory action, general market conditions and other factors.

## DIVIDENDS

There are no restrictions in the Corporation's articles or elsewhere which prevent the Corporation from paying dividends, however, it is not contemplated that any dividends will be paid on the Corporation's shares in the immediate future, as it is anticipated that all available funds will be invested to finance the growth of the Corporation's business. The Directors of the Corporation will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Corporation's financial position at the relevant time. All of the Corporation's common shares are entitled to an equal amount of any dividends declared and paid.

## DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of common shares ("**Olivut Shares**"). Each Olivut Share entitles the holder thereof to dividends as and when declared by the Directors. As of December 11, 2013, there were 36,020,147 Olivut Shares issued and outstanding. Olivut Shares entitle holders thereof to receive notice of and attend all shareholder meetings and to one vote in respect of each Olivut Share held at such meetings. In the event of the liquidation, dissolution or winding-up of the Corporation, the shareholders are entitled to share rateably the remaining assets of the Corporation. There are no conversion or exchange rights attaching to the Olivut Shares, nor are there any sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or any other material restrictions, nor are there any provisions requiring a shareholder to contribute additional capital.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Olivut Shares are listed on the TSXV under the symbol "OLV". The following table indicates the high and low price and the volume of the Olivut Shares traded on the TSXV for the period from November 1, 2012 to October 31, 2013.

| Month           | High Price (C\$) | Low Price (C\$) | Volume    |
|-----------------|------------------|-----------------|-----------|
| November, 2012  | 1.06             | 0.69            | 1,010,100 |
| December, 2012  | 0.81             | 0.53            | 1,213,300 |
| January, 2013   | 0.73             | 0.51            | 888,800   |
| February, 2013  | 0.70             | 0.46            | 755,700   |
| March, 2013     | 0.59             | 0.36            | 731,300   |
| April, 2013     | 0.43             | 0.28            | 701,900   |
| May, 2013       | 0.41             | 0.20            | 1,082,800 |
| June, 2013      | 0.37             | 0.27            | 375,700   |
| July, 2013      | 0.32             | 0.22            | 343,800   |
| August, 2013    | 0.26             | 0.18            | 525,300   |
| September, 2013 | 0.25             | 0.17            | 636,500   |
| October, 2013   | 0.22             | 0.14            | 747,700   |

## **Prior Sales**

- On March 10, 2011 the Corporation issued 50,000 options to acquire an aggregate of 50,000 Olivut Shares at an exercise price of \$1.70.
- On December 22, 2011 the Corporation issued a total of 1,851,745 shares of which 1,079,200 were flow-through shares issued at a price of \$1.25 per share and balance of 772,545 shares were issued at a price of \$1.10 per share.
- On January 11, 2012 the Corporation issued 125,000 shares at a price of \$1.00 per share as a result of the exercise of options.
- On January 17, 2012 the Corporation issued 150,000 shares at a price of \$1.00 per share as a result of the exercise of options.
- On April 4, 2012 the Corporation issued 15,000 shares at a price of \$1.15 per share as a result of the exercise of options.
- On April 12, 2012 the Corporation issued 60,000 shares at a price of \$1.15 per share as a result of the exercise of options.
- On October 30, 2012 the Corporation issued 75,000 shares at a price of \$0.165 per share as a result of the exercise of options.
- December 12, 2012 the Corporation issued 342,105 common shares with flow-through tax benefits to the shareholders at a price of \$0.95 per share for total proceeds of \$325,000.
- On March 12, 2013 the Corporation issued 505,944 shares at a price of \$0.3953 per share for a total of \$200,000 under the terms of the SPA.
- On March 13, 2013 the Corporation issued a \$300,000 callable, convertible security that may be converted into 689,655 units all under the terms of the SPA on May 10, 2013 the Corporation issued 712,504 shares at a price of \$0.2807 per share for a total of \$200,000 under the terms of the SPA.
- On June 11, 2013 the Corporation issued 68,373 shares at a price of \$0.27 per share for a total of \$68,373 under the terms of the SPA.
- On July 11, 2013 the Corporation issued 278,979 shares at a price of \$0.2312 per share for a total of \$64,500 under the terms of the SPA.

## **DIRECTORS AND OFFICERS**

### **Name, Address, Occupation and Security Holding**

To the knowledge of the Corporation, as of December 11, 2013 the Directors and Executive Officers of the Corporation collectively beneficially own or control or direct, directly or indirectly, 2,298,391 Olivut Shares which represent approximately 6.4% of the issued and outstanding Olivut Shares as at December 11, 2013.

As at the date of this Annual Information Form, the name, municipality of residence, positions with the Corporation and principal occupation(s) during the five preceding years of each Director and Executive Officer of the Corporation are set out below. Each term as director ends at the Annual General Meeting of the Shareholders of the Corporation following the appointment of such Director or until his or her successor is appointed.

| Name and Municipality of Residence, Year Elected               | Present Office                                  | Principal Occupations if Different from Office Held During the Preceding Five Years  |
|--|---|--|
| SARGENT H. BERNER <sup>(1)(2)</sup><br>Vancouver, BC (2007)    | Director  | President, Kent Avenue Consulting Ltd.; public company director; corporate and securities lawyer until 2006; Partner, DuMoulin Black, LLP until 2004 |
| SHARON E. DOWDALL <sup>(1)(2)</sup><br>Toronto, Ontario (2007) | Chairman and Director                           | Consultant   |
| LENI F. KEOUGH<br>Jasper East, Alberta (2007)                  | Director, President and Chief Executive Officer | President & CEO of Olivut Resources Ltd.   |
| CRAIG O. REITH <sup>(1)(2)</sup><br>Rosseau, Ontario (2007)    | Director  | Consultant   |
| IAN A. SHAW<br>Toronto, Ontario (2007)                         | Chief Financial Officer and Secretary           | Managing Director, Shaw & Associates, 1993 to present  |

Notes:

1. Current Member of the Audit Committee.
2. Current Member of the Compensation Committee.

**Sargent H. Berner, BA, LLB, LLM – Director:** Mr. Berner is currently a director of the Corporation. Mr. Berner is also the President of Kent Avenue Consulting Ltd. and serves as a director and advisor of a number of other public companies. He was formerly a senior partner of DuMoulin Black LLP, a Vancouver law firm, where he practiced in the areas of corporate, securities and natural resources law. Mr. Berner holds a B.A. and LLB from the University of British Columbia and a LLM from the London School of Economics. Mr. Berner devotes approximately 5% of his time to the business of the Corporation.

**Sharon E. Dowdall, BA, LLB – Director:** Ms. Dowdall is a graduate of the University of Calgary (B.A. Honours Economics, 1974) and Osgoode Hall, York University (LLB, 1977). She is a consultant to Franco-Nevada and from December 2007 until May 2010 she was the Chief Legal Officer of Franco-Nevada Corporation. From 2002 to December 2007 she was the Vice President and Secretary of Newmont Mining Corporation of Canada Limited (“NMC”) and Newmont Capital Limited, each subsidiaries of Newmont Mining Corporation. Prior to joining Franco-Nevada, the predecessor of NMC, in 1999, Ms. Dowdall was a partner at Smith Lyons LLP. Ms. Dowdall devotes approximately 5% of her time to the business of the Corporation.

**Leni F. Keough, HBS, P.Geo. - President, Chief Executive Officer and Director:** Ms. Keough is a graduate of the University of Western Ontario, London (BSc. Honors Geology, 1986). Initially she worked with Lacana Mining Corp. and subsequently Royex Corporation and Corona Corporation. She was involved in the early stages of the diamond exploration boom in Canada and was responsible for the planning and implementation of a number of successful diamond programs undertaken throughout Canada. As a founding principal of the company, she has been President of Olivut since its inception in 1993 and has been responsible for the exploration programs undertaken by Olivut. Ms. Keough devotes approximately 100% of her time to business of the Corporation.

**Craig O. Reith, HBA, CPA, CA – Director:** Mr. Reith is a graduate of the Ivey Business School, University of Western Ontario, London. He subsequently received his Chartered Accountant designation while working with KPMG. Until 2008 he was Vice President Finance and Treasurer at the Corporate Head Office of Four Seasons Hotels Inc. where he had been employed for over 20 years in various financial capacities. Mr. Reith devotes approximately 5% of his time to the business of the Corporation.

**Ian A. Shaw, B.Com, CPA, CA - Chief Financial Officer and Secretary:** From 1993 to the present, Mr. Shaw has been the Managing Director of Shaw & Associates, a corporate services consulting firm specializing in corporate finance, regulatory reporting and compliance with clients that are typically public companies in the resource industry. As part of those activities he has served as a Director or as the Chief Financial Officer of numerous public companies. Currently he is a Director of Pelangio Exploration Inc. listed on the TSX Venture Exchange. He is also a Director of Lake Victoria Mining Company, Inc. which trades on the Over-the-Counter Bulletin Board. Mr. Shaw devotes approximately 15% of his time to the business of the Corporation.

### **Audit Committee**

The Audit Committee was created by the Board of Directors and reports directly to it. All Committee Members are appointed by the Board of Directors. The Audit Committee has the general mandate to (i) ensure the Corporation effectively maintains the necessary management systems and controls to allow for timely and accurate reporting for the purpose of safeguarding shareholder value and to meet all relevant regulatory requirements and (ii) to provide recommendations to the Board of Directors in the area of management systems and controls. The Audit Committee reviews the general policies submitted by the Corporation's management in connection with financial reporting and internal controls; it deals with all matters relating thereto, including, without limitation, reviewing and evaluating periodically public financial reports, the work of outside auditors, the structure of the accounting and internal control department and the efficiency of the records and systems used. The Committee makes the relevant recommendations to the Board of Directors, which then exercises its decision-making authority.

A copy of the Audit Committee's charter is appended to this Annual Information Form as Appendix "A".

The Audit Committee consists of three members who are Craig Reith (acting as Chair), Sharon Dowdall and Sargent Berner, all of whom are independent of the Corporation and financially literate within the meaning of applicable Canadian securities laws. Mr. Reith has education and experience that is relevant to the performance of his duties as Chair of the Audit Committee, including his Chartered Accountant designation, his experience at KPMG and his responsibilities in various senior financial roles during the course of more than twenty years at Four Seasons Hotels Inc. Ms. Dowdall is a graduate of the University of Calgary (B.A. Honours Economics, 1974) and Osgoode Hall, York University (LLB, 1977). Mr. Berner holds a B.A. and LLB from the University of British Columbia and a LLM from the London School of Economics.

The Corporation has not relied on any exemptions under Multilateral Instrument 52-110 – *Audit Committees*.

The following are audit fees, audit related fees, tax fees and all other fees billed by the Corporation's external auditors in each of the last two fiscal years.

| Nature of Services                | Fees Paid to Auditor in Year Ended October 31, 2013 | Fees Paid to Auditor in Year Ended October 31, 2012 |
|-----------------------------------|---|---|
| Audit Fees <sup>(1)</sup>         | \$28,700  | \$41,214  |
| Audit-Related Fees <sup>(2)</sup> | \$32,100  | \$9,486   |
| Other fees <sup>(3)</sup>         | \$22,200  | \$Nil   |
| Tax Fees <sup>(4)</sup>           | \$3,300   | \$3,000   |
| <b>Total</b>                      | <b>\$86,300</b>                                     | <b>\$53,700</b>                                     |

Notes:

1. "Audit Fees" refer to fees billed for audit services.
2. "Audit-Related Fees" refer to aggregate fees billed for assurance and related services that reasonably relate to the performance of the audit or review of the financial statements and are not reported under Audit Fees.
3. "Other Fees" refer to aggregate fees billed for a prospectus review.
4. "Tax Fees" refer to the aggregate fees billed for tax compliance, tax advice, and tax planning.

## Compensation and Governance Committee

The Compensation and Governance Committee has the general mandate to oversee and safeguard the human capital of the Corporation and to provide recommendations to the Board of Directors. Among other things, it is responsible to review the annual performance and compensation of the Chief Executive Officer of the Corporation and other senior executive officers and to make recommendations to the Board of Directors in respect of compensation for Directors. It is also responsible for, among other things, assessing the Corporation's governance and the performance of the Board of Directors.

The Compensation and Governance Committee consists of three members who are currently Sharon Dowdall (acting as Chair), Sargent Berner and Craig Reith.

## Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as noted below, to Olivut's knowledge, no director or executive officer of Olivut is or has been in the last 10 years a director, chief executive officer or chief financial officer of any company that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of the foregoing, "order" means (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, which was in effect for a period of more than 30 consecutive days.

Sargent H. Berner is a director of ValGold Resources Ltd. ValGold requested and was granted a Management Cease Trade Order on December 9, 2008 as the company was unable to file its audited annual financial statements by the required deadline.

To Olivut's knowledge, no director or executive officer of Olivut, or a shareholder holding a sufficient number of securities of Olivut to affect materially the control of Olivut: (a) is or has been in the last 10

years a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has in the last 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To Olivut's knowledge, no director or executive officer of Olivut, or a shareholder holding a sufficient number of securities of Olivut to affect materially the control of Olivut, has been the subject of: (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 investor in making an investment decision.

### **Conflicts of Interest**

Certain officers and directors of the Corporation are officers and directors of, or are associated with, other similar exploration and mining companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Corporation are required by law, however, to act honestly and in good faith with a view to the best interest of the Corporation and its shareholders and to disclose any personal interest which they may have in any material transactions which is proposed be entered into with the Corporation and to abstain from voting as a director for the approval of any such transaction.

## **LEGAL PROCEEDINGS**

### **Legal Proceedings**

The Corporation is not a party to any material legal proceedings. However, from time to time, the Corporation may become parties to disputes arising in the ordinary course of business.

### **Regulatory Actions**

The Corporation is not a party to any regulatory actions.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than the interests of certain Directors, Officers and Shareholders of the Corporation as described elsewhere in this Annual Information Form, none of the Directors or Officers of the Corporation, nor any associate or affiliate thereof, has had a direct or indirect material interest in any transaction within the three years prior to the date hereof or proposed transaction which has materially affected or will materially affect the Corporation.

Ms. Keough, who is the President, Chief Executive Officer and a Director of the Corporation, owns beneficially an aggregate of 2,006,071 (5.6%) Olivut Shares and options to purchase an additional 1,562,500 Olivut Shares. Assuming the options are exercised, Ms. Keough would hold 9.9% on a fully diluted basis.

Ms. Keough, among others is a party to the Royalty Agreement. If certain of the property in the HOAM Project area (as specified in the Royalty Agreement) is put into commercial production, the Corporation shall pay Ms. Keough a royalty equal to 0.75% of the net smelter returns (refer to *"Description of the Business – General – Royalty Agreement"*).

## **TRANSFER AGENTS AND REGISTRARS**

The Corporation has appointed Computershare Trust Company of Canada, located at 2<sup>nd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3P9, as its Transfer Agent and Registrar.

## **AUDITOR**

The Auditors of the Corporation are McGovern, Hurley, Cunningham, LLP, Chartered Accountants, located at 2005 Sheppard Avenue East, Suite 300, Toronto, Ontario, M2J 5B4.

## **MATERIAL CONTRACTS**

Except for contracts entered into by the Corporation in the ordinary course of business, the only material contract entered into by the Corporation and that remains in effect as of the date of this Annual Information Form is the Royalty Agreement (refer to *"Description of the Business – General – Royalty Agreement"*).

## **INTERESTS OF EXPERTS**

### ***Names and Interests of Experts***

Paul Pitman, B.Sc., P. Geo., prepared the HOAM Report. Mr. Pitman does not have any direct or indirect interest in the securities or other property of the Corporation or any associate or affiliate of the Corporation.

McGovern, Hurley, Cunningham LLP, the auditors of the Corporation, have prepared an independent auditor's report dated December 4, 2013 in respect of the Corporation's annual financial statements for the years ended October 31, 2012 and October 31, 2013. McGovern, Hurley, Cunningham LLP has advised that they are independent of the Corporation within the rules of the Professional Conduct of the Institute of Chartered Accountants of Ontario.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Information, including Directors' and Officers' remuneration, principal shareholders and securities authorized for issuance under equity compensation plans, is provided in the Corporation's Management Information Circular distributed in connection with the Corporation's Annual and Special General Meeting that occurred on February 13, 2013. Additional financial information is provided in the Corporation's Financial Statements as at and for the Years Ended October 31, 2013 and 2012 and Management Discussion & Analysis October 31, 2013.



## **OLIVUT RESOURCES LTD.**

### **AUDIT COMMITTEE CHARTER**

#### **SECTION 1 PURPOSE**

The Audit Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Olivut Resources Ltd. (the “**Company**”). The primary function of the Committee is to assist the Board in fulfilling their applicable roles by:

1. Recommending to the Board the appointment of the Chief Financial Officer or the Vice President Finance (if any) and the Controller (if any) of the Company;
2. Recommending to the Board the appointment and compensation of the external auditor;
3. Overseeing the work of the external auditor, including the resolution of disagreements between the external auditor and management;
4. Pre-approving all non-audit services (or delegating such pre-approval, if and to the extent permitted by law) to be provided to the Company or its subsidiary entities (“subsidiaries”) by the external auditor;
5. Reviewing and approving the proposed hiring of any current or former partner or employee of the current and former external auditor of the Company or its subsidiaries;
6. Establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Company or its subsidiaries of concerns regarding questionable accounting or auditing matters;
7. Reviewing and recommending to the Board the approval of the annual and interim financial statements, the related Management Discussion and Analysis (“**MD&A**”), and other financial information provided by the Company to any governmental body or the public; and
8. Satisfying themselves that adequate procedures are in place for the review of the Company’s public disclosure of financial information, other than as described in (7) above, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures.

The Committee should primarily fulfill these roles by carrying out the activities enumerated in this Charter.

## SECTION 2 COMPOSITION AND MEETINGS

1. The Committee should be comprised of a minimum of three directors, as appointed by the Board, each of whom shall be independent within the meaning of Multilateral Instrument 52-110 – Audit Committees (“MI 52-110”) of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.
2. A majority of members must be resident Canadians.
3. All members of the Committee should have (or must gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.
4. The members of the Committee and its Chair shall be elected by the Board on an annual basis, or until they are removed or their successors are duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.
5. The members of the Committee may be removed or replaced by the Board at any time. The Chair may be removed by the Board or the Committee, in consultation with the Board, at any time. Any member shall automatically cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all of the powers of the Committee, so long as a quorum remains.
6. The Committee should meet at least four times annually, or more frequently as circumstances require. The Committee should meet within sixty (60) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and should meet within 90 days following the end of the fiscal year end to review and discuss the audited financial results for the preceding quarter and year and the related MD&A.
7. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditor, and others as they consider appropriate. For greater certainty, corporate information includes information relating to the Company’s affiliates, subsidiaries and their respective operations.
8. In order to foster open communication, the Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with management quarterly in connection with the Company’s interim financial statements.

9. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine, provided that a majority thereof are resident Canadians and provided further that the Chair is present.
10. Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon 48 hours notice to each of its members. The notice period may be waived by all members of the Committee. Each of the Chairman of the Board, the external auditor, the President and Chief Executive Officer, the Chief Financial Officer or the Vice President Finance or the Secretary shall be entitled to request that any member of the Committee call a meeting.

### **SECTION 3    ROLE**

In addition to the matters described in Section 1, the Committee should:

1. Determine any desired agenda items.
2. Review and recommend to the Board changes to this Charter, as considered appropriate from time to time.
3. Review the public disclosure regarding the Committee required by MI 52-110.
4. Summarize in the Company's annual report the Committee's composition and activities, as required.
5. Record minutes of its meetings and submit those to the whole Board on a timely basis.

#### **Documents/Reports Review**

6. Meet with management or external auditor or both to review the Company's annual budgets, and annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A.
7. Review other financial information of the Company provided to any governmental body or the public (including analysts and rating agencies), as they see fit.
8. Review and approve any financial information of the Company or its subsidiaries contained in any press release of the Company.
9. Seek to ensure that adequate procedures are in place for the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.
10. Review with management and the external auditor any correspondence with regulators or government agencies which raise material issues regarding the Company's financial statements or accounting policies.

## **External Auditor**

11. Recommend to the Board the selection of the external auditor, considering independence and effectiveness, and review the fees and other compensation to be paid to the external auditor. Instruct the external auditor that its ultimate client is not management.
12. Obtain confirmation from the external auditor that it is accountable to, and will report directly to, the Committee and the Board of Directors, and not to management of the Company.
13. Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion between management and the external auditor.
14. Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Company, its management or employees to determine their independence.
15. Review and pre-approve all audit and non-audit services (including all internal-control-related services and any material management consulting or other engagement) to be performed by the external auditor and be advised of any other material study undertaken by the external auditor at the request of management that is beyond the scope of the audit engagement letter and related fees (subject to any restrictions on such non-audit services imposed by applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators).
16. At least annually, review the qualifications, performance and independence of the external auditor and any proposed discharge of the external auditor when circumstances warrant.
17. Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
18. Communicate directly with the external auditor, and arrange for the external auditor to report directly to the Committee.
19. Communicate directly with the external auditor and arrange for the external auditor to be available to the Committee and the full Board as needed.

## **Financial Reporting Processes**

20. Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor as they see fit.
21. Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Company's accounting principles, financial disclosure practices and adequacy of internal controls, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.

22. Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.
23. Review all critical accounting policies and practices used, and consider proposed major changes to the Company's accounting principles and practices.
24. Review the effect of new regulatory and accounting pronouncements.
25. Review the effect of any material off balance sheet structures, arrangements and obligations (contingent or otherwise) on the financial statements.

### **Reporting Process**

26. If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
27. Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable.
28. Periodically consider the need for an internal audit function, if not present.
29. Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
30. Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.
31. Where there are significant unsettled issues between management and the external auditors that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
32. Review with the external auditor and management significant findings during each quarter and year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
33. Review the system in place to seek to ensure that the financial statements, related MD&A and other financial information disseminated to governmental organizations and the public satisfy applicable requirements.
34. Review any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls reported to the Audit Committee in connection with the certification of forms by the CEO or the CFO for filing with applicable securities regulators.

35. Review the adequacy of the Company's internal accounting controls and management information systems and its financial and accounting personnel (including any fraud).

#### **Risk Management**

36. Review the Company's program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance.

#### **General**

37. If considered appropriate, conduct or authorize investigations into any matters within the Committee's scope of activities. The Committee is empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any such investigation or otherwise as it determines necessary to carry out its duties. The Committee may set and pay (at the expense of the Company) the compensation for any such advisors.
38. Perform any other activities as the Committee deems necessary or appropriate.
39. Conduct a review regularly of the performance of the Committee and its members, including compliance with this Charter.

### **SECTION 4 COMMITTEE COMPLAINT PROCEDURES**

#### **Submitting a Complaint**

1. Anyone may submit a whistle blower notice or complaint regarding conduct by the Company or its subsidiaries or their respective employees or agents (including its independent auditors) reasonably believed to involve questionable accounting, internal accounting controls or auditing matters. The Chair of the Committee should oversee the treatment of such complaints.

#### **Procedures**

2. The Chair of the Committee is designated to receive and administer or supervise the administration of employee complaints.
3. In order to preserve anonymity when submitting a complaint regarding questionable accounting or auditing matters, the employee may submit a complaint to the following confidential e-mail address: [craig.o.reith@gmail.com](mailto:craig.o.reith@gmail.com) or by Confidential Mail to: "Personal and Confidential to be Opened by Addressee Only" to Craig Reith, Director, Olivut Resources Ltd., 9 High Hill Road, General Delivery, Rosseau, ON POC 1J0.

#### **Investigation**

4. The Chair of the Committee should review and investigate the complaint. Corrective action should be taken when and as warranted.

#### **Confidentiality**

5. The identity of the complainant and the details of the investigation should be kept confidential throughout the investigatory process.

## **Records and Report**

6. The Chair of the Committee should maintain a log of complaints, tracking their receipt, investigation, findings and resolution, and should prepare a summary report for the Committee.

## **SECTION 5 LIMITATIONS ON COMMITTEE'S DUTIES**

1. In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which they are otherwise subject as directors.
2. Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible to prepare financial statements, to plan or conduct internal or external audits or to determine that the Company's financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles, to conduct investigations, or to ensure compliance with the Company's internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor. Nothing contained in this Charter is intended to require the Committee to ensure the Company's compliance with applicable laws or regulations.
3. The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Company's securityholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Company or other liability whatsoever.

**Reapproved** by the Board of Directors the 11<sup>th</sup> day of December, 2013.