NOTICE OF MEETING AND INFORMATION CIRCULAR

FOR THE ANNUAL AND SPECIAL MEETING OF THE SHAREHOLDERS OF

LUNA GOLD CORP.

TO BE HELD JUNE 18, 2015

May 15, 2015

These materials are important and require your immediate attention. They require shareholders of Luna Gold Corp. to make important decisions. If you are in doubt as to how to make such decisions, please contact your tax, financial, legal or other professional advisors. This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. No securities regulatory authority in Canada has expressed an opinion about, or passed upon the fairness or merits of the transaction described in this document, the securities offered pursuant to such transaction or the adequacy of the information contained in this document and it is an offence to claim otherwise.

If you have any questions or require more information with regard to voting your shares, please contact Luna Gold Corp., attn., Shayla Forster, Corporate Secretary at 604-558-0560.

May 15, 2015

To: Shareholders of Luna Gold Corp.,

The board of directors (the "**Luna Board**") of Luna Gold Corp. ("**Luna**" or the "**Company**") invites you to attend the annual and special meeting (the "**Luna Meeting**") of the shareholders of Luna (the "**Luna Shareholders**") to be held at 11:00 a.m. (Vancouver time) on June 18, 2015 in the Pacific Room at the Metropolitan Hotel, 645 Howe Street, Vancouver, British Columbia, Canada V6C 2Y9.

On March 5, 2015, in connection with the Company not being in compliance with certain covenants under its Credit Agreement (as disclosed in Luna's September 30, 2014 MD&A), the Company announced that it had entered into a forbearance agreement with Société Générale (Canada Branch), Mizuho Bank Ltd. and the other parties to the Company's February 15, 2013 credit agreement, as amended (the "**Credit Agreement**"), whereby the Company acknowledged that it was in default and the creditors agreed to refrain from exercising any rights or remedies under the Credit Agreement until May 1, 2015. Forbearance under the Credit Agreement has since been extended two additional times, until May 15, 2015 and until July 1, 2015, respectively. Since October 16, 2014, Luna has been engaged in discussions with a number of third parties in pursuit of additional financing or other strategic alternatives and has run a comprehensive process, in the absence of the Luna Restructuring Transactions (as defined below) there can be no certainty that the forbearance agreement with Luna's creditors will be extended which would result in Luna's creditors being in a position to foreclose on the Company's assets.

On March 19, 2015, Luna entered into a letter of intent (the "**Letter of Intent**") with Sandstorm Gold Ltd. ("**Sandstorm**") whereby, subject to the terms and conditions of the Definitive Agreements (defined below), Sandstorm agreed to terminate the Company's May 15, 2009, stream agreement (the "**Gold Stream Agreement**") with Sandstorm, Sandstorm Gold (Canada) Ltd. ("**Sandstorm Canada**"), and Mineracao Aurizona S.A. ("**MASA**"), a wholly-owned subsidiary of Luna. The Gold Stream Agreement will be replaced by two net smelter return royalties on the Company's Aurizona and Greenfields Projects (as defined herein), a US$30,000,000 convertible debt facility and also agreed to amend the Company's April 11, 2014, US$20,000,000 amended and restated loan agreement with Sandstorm, MASA and Aurizona Goldfields Corporation to include (collectively, the "**Gold Stream Restructuring**"). The Gold Stream Restructuring forms part of a larger series of contemplated restructuring transactions (collectively referred to herein as the "**Luna Restructuring Transactions**") resulting from these discussions, which include:

i. The issuance of a new $20,000,000 secured promissory note and 200,000,000 series B Luna Share purchase warrants to funds comprising Pacific Road Resources Fund II ("**Pacific Road**") for an aggregate purchase price of $20,000,000 pursuant to the terms of the Investment Agreement (as defined herein) (the "**Debt Offering**");

ii. A private placement of 100,000,000 units in the capital of the Company (each, a "**Unit**", each Unit to be comprised of one Luna Share and one series A Luna Share purchase warrant exercisable for one Luna Share at $0.125 per Luna Share) at a price of $0.10 per Unit (the "**Issue Price**") to Pacific Road for gross proceeds to the Company of $10,000,000 (the "**Pacific Road Offering**");

iii. A proposed offering (the "**Offering**") of up to 150,000,000 units in the capital of the Company (each, a "**Unit**", each Unit to be comprised of one Luna Share and one series A Luna Share purchase warrant

exercisable for one Luna Share at $0.125 per Luna Share) at a price of $0.10 per Unit (the "**Issue Price**") for gross proceeds to the Company of up to approximately $15,000,000 on a private placement basis, which may be made to certain existing shareholders or new investors; and

iv. Repayment and termination of the Credit Agreement.

At the Luna Meeting, Luna Shareholders will be asked to approve the Gold Stream Restructuring as by the Sandstorm Resolution, the Pacific Road Financing (as defined herein) as by the Pacific Road Resolution and the Offering (as defined herein) by the Offering Resolution (together, the "**Luna Restructuring Transaction Resolutions**"). To be effective, the Pacific Road Resolution must be approved by an ordinary resolution, the Sandstorm Resolution must receive minority approval under MI 61-101 and the Offering Resolution must receive disinterested shareholder approval in accordance with the policies of the TSX. Each of the transactions comprising the Luna Restructuring Transactions are indirectly conditional upon all of the Luna Restructuring Transactions Resolutions being passed. The failure to approve any of the Luna Restructuring Transaction Resolutions will result in the transactions not being implemented.

Luna Shareholders will also be asked to vote on a resolution to approve an Advance Notice Policy for the Company (the "**Advance Notice Resolution**") and to vote on a resolution to re-approve and authorize the Luna Board to grant stock options under Luna's stock option plan (the "**Option Plan Resolution**"), among other annual general meeting matters.

The Luna Board has determined, upon consultation with its legal and financial advisors and in consideration of the fairness opinion received by the Special Committee from Canaccord Genuity Corp. and of the valuation report received from Evans & Evans Inc., each as described in the accompanying information circular (the "**Circular**"), that the Luna Restructuring Transactions are in the best interests of Luna and the Luna Board recommends the Luna Shareholders vote **FOR** the Luna Restructuring Transaction Resolutions. The determination of the Luna Board is based on various factors described more fully in the accompanying Circular.

The accompanying Circular provides a description of the **Luna Restructuring Transactions** and includes certain additional information to assist you in considering how to vote on the special resolutions. **You are urged to read this information carefully and, if you require assistance, to consult your tax, financial, legal or other professional advisors.**

Luna has applied to the TSX (the "**TSX**") to list the Luna Shares issuable pursuant to the Luna Restructuring Transactions. The Luna Restructuring Transactions are subject to Luna meeting all conditions imposed by the TSX. Following the closing of the Luna Restructuring Transactions, and subject to receipt of all applicable approvals, including from Luna's Shareholders and the TSX, the board of directors of Luna is expected to be comprised of seven individuals. Three of the seven will be Luna nominees, one will be a nominee of Sandstorm, and the remaining three individuals will be nominees of Pacific Road.

We encourage you to complete, sign, date and return the accompanying Proxy (the "**Proxy**"), or voting instruction form, in accordance with the instructions set out therein and in the Circular, so that your Luna Shares can be voted at the Luna Meeting in accordance with your instructions.

Your vote is important to us, no matter how many Luna Shares you hold. If you are a Registered Luna Shareholder and are unable to be present in person at the Luna Meeting, we encourage you to vote by completing the enclosed Proxy. If you are a non-registered holder of Luna Shares and have received this letter and the Circular from your broker or another intermediary, please complete and return the Proxy or the voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided with it. Failure to do so may result in your Luna Shares not being eligible to be voted at the Luna Meeting.

If you have any questions about the information contained in this Circular or require assistance in completing the Proxy, please contact Luna, attn., Shayla Forster, Corporate Secretary, at 604-558-0560.

Yours very truly,

/s/ "Marc Leduc"

Marc Leduc
President and CEO

15 de mayo de 2015

Para: Accionistas de Luna Gold Corp.

El directorio (el "**Directorio de Luna**") de Luna Gold Corp. ("**Luna**" o la "**Compañía**") lo invita a asistir a la asamblea anual y extraordinaria (la "**Asamblea de Luna**") de los accionistas de Luna (los "**Accionistas de Luna**") a celebrarse a las 11:00 a.m. (hora de Vancouver) el 18 de junio de 2015 en el Pacific Room en el Metropolitan Hotel, 645 Howe Street, Vancouver, Columbia Británica, Canadá V6C 2Y9.

El 5 de marzo de 2015, en conexión con que la Compañía no estaba cumpliendo con ciertos pactos bajo su Convenio de Crédito (como se divulgó en la *Discusión y Análisis de la Gerencia* del 30 de septiembre de 2014 de Luna), la Compañía anunció que había celebrado un convenio de tolerancia con Société Générale (Sucursal de Canadá), Mizuho Bank Ltd. y las otras partes en el Convenio de Crédito del 15 de febrero de 2013 de la Compañía, con sus modificaciones (el "**Convenio de Crédito**"), mediante el cual la Compañía reconoció que estaba en incumplimiento y los acreedores convinieron en abstenerse de ejercer cualesquier derechos o remedios bajo el Convenio de Crédito hasta el 1 de mayo de 2015. La tolerancia bajo el Convenio de Crédito ha sido prorrogada dos veces más desde entonces, hasta el 15 de mayo de 2015 y hasta el 1 de julio de 2015, respectivamente. Desde el 16 de octubre de 2014, Luna ha estado participando en discusiones con varios terceros en busca de financiamiento adicional u otras alternativas estratégicas y ha realizado un proceso completo. En ausencia de las Transacciones de Reestructuración de Luna (como se definen más abajo) no puede haber ninguna certeza de que el convenio de tolerancia con los Acreedores de Luna será prorrogado y si no se prorroga los Acreedores de Luna estarían en posición de ejecutar los activos de la Compañía.

El 19 de marzo de 2015, Luna celebró una carta de intención (la "**Carta de Intención**") con Sandstorm Gold Ltd. ("**Sandstorm**") mediante la cual, sujeto a los términos y condiciones de los Convenios Definitivos (definidos más abajo), Sandstorm convino en terminar el convenio de corriente de oro del 15 de mayo de 2009 de la Compañía (el "**Convenio de Corriente de Oro**") con Sandstorm, Sandstorm Gold (Canada) Ltd. ("**Sandstorm Canadá**") y Mineração Aurizona S.A. ("**MASA**"), una filial de propiedad total de Luna. El Convenio de Corriente de Oro será reemplazado por dos regalías de retorno neto de fundición sobre los proyectos Aurizona y Greenfields de la Compañía (como se definen aquí), un *debenture* convertible de US$30,000,000 y también convino en modificar el convenio de préstamo modificado y redeclarado de US$20,000,000 del 11 de abril de 2014 de la Compañía con Sandstorm, MASA y Aurizona Goldfields Corporation (colectivamente, la "**Reestructuración Gold Stream**"). La Reestructuración de Gold Stream forma parte de una serie más grande de transacciones de reestructuración contempladas (colectivamente, las "**Transacciones de Reestructuración de Luna**") resultantes de estas discusiones, que incluyen:

i. La emisión de un nuevo pagaré garantizado de C$20,000,000 y 200,000,000 de *warrants* de compra de Acciones de Luna serie B a fondos que comprenden Pacific Road Resources Fund II ("**Pacific Road**") por un precio de compra total de C$20,000,000 de acuerdo con los términos del Convenio de Inversión (como se define aquí) (la "**Oferta de Deuda**");

ii. Una colocación privada de 100,000,000 de unidades del capital de la Compañía (cada una, una "**Unidad**", cada Unidad a consistir en una Acción de Luna y un *warrant* de compra de Acción de Luna serie A que puede ejercerse por una Acción de Luna a C$0.125 por Acción de Luna) a un precio de C$0.10 por Unidad (el "**Precio de Emisión**") a Pacific Road por un producto bruto para la Compañía de C$10,000,000 (la "**Oferta de Pacific Road**");

iii. Una oferta planteada (la "**Oferta**") hasta de 150,000,000 de unidades del capital de la Compañía (cada una, una "**Unidad**", cada Unidad a consistir en una Acción de Luna y un *warrant* de compra de una

Acción de Luna serie A que puede ejercerse por una Acción de Luna a C$0.125 por Acción de Luna) a un precio de C$0.10 por Unidad (el "**Precio de Emisión**") para un producto bruto para la Compañía hasta de aproximadamente C$15,000,000 en base a colocación privada, que puede hacerse a ciertos accionistas existentes o inversionistas nuevos; y

iv. Pago y terminación del Convenio de Crédito.

En la Asamblea de Luna, a los Accionistas de Luna se les pedirá aprobar la Reestructuración de la Corriente de Oro según la Resolución de Sandstorm, el Financiamiento de Pacific Road (como se define aquí) según la Resolución de Pacific Road, y la Oferta (como se define aquí) según la Resolución de Oferta (juntos, las "**Resoluciones de Transacciones de Reestructuración de Luna**"). Para ser efectiva, la Resolución de Pacific Road debe ser aprobada por una resolución ordinaria, la Resolución de Sandstorm debe recibir aprobación minoritaria bajo MI 61-101 y la Resolución de Oferta debe recibir aprobación de accionistas desinteresados de acuerdo con las políticas de la TSX. Cada una de las transacciones que comprenden las Transacciones de Reestructuración de Luna está indirectamente condicionada a que todas las Transacciones de Resoluciones de Reestructuración de Luna sean aprobadas. La no aprobación de cualquiera de las Resoluciones de Transacciones de Reestructuración de Luna resultará en que las transacciones no sean implementadas.

A los accionistas de Luna también se les pedirá que voten sobre una resolución para aprobar una Política de Notificación Anticipada para la Compañía (la "**Resolución de Notificación Anticipada**") y votar sobre una resolución para reaprobar y autorizar al Directorio de Luna para que otorgue opciones de compra de acciones bajo el plan de opciones de compra de Luna (la "**Resolución del Plan de Opciones**"), entre otros asuntos de asamblea general anual.

El Directorio de Luna ha determinado, después de consultar con sus asesores legales y financieros y en consideración de la opinión de equidad recibida por el Comité Especial proveniente de Canaccord Genuity Corp. y del informe de valoración recibido de Evans & Evans Inc., cada uno como se describe en la circular de información que se acompaña (la "**Circular**"), que las Transacciones de Reestructuración de Luna convienen a los intereses de Luna, y el Directorio de Luna recomienda a los Accionistas de Luna votar **A FAVOR** de las Resoluciones de Transacciones de Reestructuración de Luna. La determinación del Directorio de Luna se basa en varios factores descritos más detalladamente en la Circular que se acompaña.

La Circular que se acompaña proporciona una descripción de las **Transacciones de Reestructuración de Luna** e incluye cierta información adicional para ayudar a ustedes a decidir cómo votar sobre las resoluciones especiales. **Se les solicita leer esta información cuidadosamente y, si requieren asistencia, consultar con sus asesores fiscales, financieros, legales u otros asesores profesionales.**

Luna ha solicitado a la TSX (la "**TSX**") listar las Acciones de Luna que pueden emitirse de acuerdo con las Transacciones de Reestructuración de Luna. Las Transacciones de Reestructuración de Luna están sujetas a que Luna cumpla con todas las condiciones impuestas por la TSX.

Después del cierre de las Transacciones de Reestructuración de Luna, y sujeto a la recepción de todas las aprobaciones aplicables, incluyendo la de los Accionistas de Luna y la TSX, se espera que el directorio of Luna esté compuesto de siete individuos. Tres de los siete serán designados por Luna, uno será designado por Sandstorm, y los tres restantes serán designados por Pacific Road.

Les solicitamos completar, firmar, fechar y devolver el Poder de Voto adjunto (el "**Poder de Voto**"), o el formulario de instrucciones de voto, de acuerdo con las instrucciones establecidas ahí y en la Circular, de manera que sus Acciones de Luna puedan tener voto en la Asamblea de Luna de acuerdo con sus instrucciones.

Su voto es importante para nosotros, sin que importe cuántas Acciones de Luna tenga. Si es un Accionista de Luna Registrado y no puede estar presente en persona en la Asamblea de Luna, le solicitamos votar completando el Poder de Voto adjunto. Si usted es un accionista no registrado de acciones de Luna y ha recibido esta carta y la Circular de su corredor u otro intermediario, le agradeceremos completar y devolver el Poder de Voto o el formulario de instrucciones de voto que le haya suministrado su corredor u otro intermediario, y seguir las

instrucciones provistas en el mismo. El no hacerlo puede resultar en que sus Acciones de Luna no tengan voto en la Asamblea de Luna.

Si tiene cualquier pregunta acerca de la información contenida en esta Circular o requiere asistencia para completar el Poder de Voto, puede comunicarse con Luna a través de Shayla Forster, Secretaria Corporativa, en el 604-558-0560.

Atentamente,

/f/ "Marc Leduc"

Marc Leduc
Presidente y CEO

The foregoing is a Spanish language translation of the above letter to Luna Shareholders. Mr. Luis Baertl, a director of the Company, as a director of the Company and not in his personal capacity, has reviewed the Spanish version and confirms it is an accurate translation of the English version.

LUNA GOLD CORP.
8th Floor – 543 Granville Street
Vancouver, BC V6C 1X8
Phone: (604) 558-0560 / Fax: (604) 558-0561

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Luna Meeting**") of shareholders (the "**Luna Shareholders**") of Luna Gold Corp. ("**Luna**" or the "**Company**") will be held in the Pacific Room at the Metropolitan Hotel, 645 Howe Street, Vancouver, British Columbia, Canada V6C 2Y9 on June 18, 2015 at 11:00 a.m. (Vancouver Time) for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company for the financial year ended December 31, 2014, together with the report of the auditors thereon;

2. To fix the number of directors (the "**Directors**") of the Company at seven (7);

3. To elect the Directors of the Company for the ensuing year;

4. To appoint KPMG, Chartered Accountants, as auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration;

5. To re-approve the Company's Stock Option Plan and authorize the Luna Board to grant stock options under such plan;

6. To approve the Advance Notice Policy of the Company;

7. To consider and, if thought advisable, to pass, with or without variation, an ordinary resolution (the "**Sandstorm Resolution**") which must receive minority approval under MI 61-101, the full text of which is set forth in Appendix C to the accompanying management information circular of the Company dated May 15, 2015 (the "**Circular**"), approving a restructuring transaction (the "**Gold Stream Restructuring**") involving Sandstorm Gold Ltd. ("**Sandstorm**") pursuant to which the Company will, among other things:

    i. terminate the Company's May 15, 2009 stream agreement with Sandstorm, Sandstorm Gold (Canada) Ltd. ("**Sandstorm Canada**"), and Mineracao Aurizona S.A. ("**MASA**"), to be replaced by two net smelter return royalties on the Company's Aurizona and Greenfields Projects and a US$30,000,000 convertible debt facility; and

    ii. amend the Company's April 11, 2014, US$20,000,000 amended and restated loan agreement with Sandstorm, MASA and Aurizona Goldfields Corporation;

8. To consider and, if thought advisable, to pass, with or without variation, an ordinary resolution (the "**Pacific Road Resolution**"), the full text of which is set forth in Appendix D to the accompanying Circular, approving, among other things, a private placement offering 100,000,000 units in the capital of the Company (each, a "**Unit**", each Unit to be comprised of one Luna Share and one series A Luna Share purchase warrant exercisable at $0.125 per Luna Share) to Pacific Road Resources Fund II ("**Pacific Road**") at a price of $0.10 per Unit (the "**Issue Price**") for gross proceeds to the Company of up to approximately $10,000,000 (the "**Pacific Road Equity Offering**"), the issuance of a $20,000,000 senior secured note and 200,000,000 series B Luna Share purchase warrants (exercisable at $0.10 per Luna Share) to Pacific Road for aggregate consideration of $20,000,000 (the "**Debt Offering**", together with the Pacific Road Equity Offering, the "**Pacific Road Offering**"), all as more particularly described in the Circular;

9. To consider and, if thought advisable, to pass, with or without variation, an ordinary resolution (the "**Offering Resolution**") which must receive disinterested shareholder approval in accordance with the

policies of the TSX, the full text of which is set forth in Appendix E to the accompanying Circular, approving a private placement offering up to 150,000,000 units in the capital of the Company (each, a "**Unit**", each Unit to be comprised of one Luna Share and one series A Luna Share purchase warrant exercisable at $0.125 per Luna Share) to certain new and existing investors at a price of $0.10 per Unit (the "**Issue Price**") for gross proceeds to the Company of up to approximately $15,000,000 (the "**Offering**"), all as more particularly described in the Circular; and

10. To transact such further or other business as may properly come before the Luna Meeting and any adjournments or postponements thereof.

The specific details of the foregoing matters to be put before the Luna Meeting are set forth in the Circular. The audited consolidated financial statements and related management's discussion and analysis (the "**MD&A**") for the Company for the financial year ended December 31, 2014 have already been mailed to those Luna Shareholders who have previously requested to receive them. Otherwise, they are available upon request to the Company or they can be found on SEDAR at www.sedar.com.

This notice is accompanied by the Circular, a Proxy and a supplemental mailing list return card.

Luna Shareholders who are unable to attend the Luna Meeting in person are requested to complete, date and sign the enclosed Proxy and to return it in the envelope provided for that purpose.

The board of directors of the Company has by resolution fixed the close of business on May 15, 2015 as the record date (the "**Record Date**"), being the date for the determination of the registered holders of Luna Shares of the Company entitled to notice of and to vote at the Luna Meeting and any adjournment(s) or postponement(s) thereof.

Proxies to be used at the Luna Meeting must be deposited with the Company, c/o the Company's transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 no later than 11:00 a.m. (Vancouver time) on June 16, 2015, or no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the date on which the Luna Meeting is adjourned or postponed. Non-Registered Luna Shareholders who receive these materials through their broker or other intermediary are requested to follow the instructions for voting provided by their broker or intermediary, which may include the completion and delivery of a voting instruction form.

DATED at Vancouver, British Columbia this 15th day of May, 2015.

BY ORDER OF THE LUNA BOARD OF DIRECTORS

/s/ "Marc Leduc"

Marc Leduc
President, CEO and a Director

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The following is a summary of certain information contained in or incorporated by reference into this Circular, together with some of the questions that you, as a Luna Shareholder, may have and answers to those questions. You are urged to read the remainder of the Circular and the Proxy carefully because the information contained below is of a summary nature and therefore is not complete, and is qualified in its entirety by the more detailed information contained elsewhere in or incorporated by reference into this Circular and the attached Appendices, all of which are important and should be reviewed carefully.

Capitalized terms in this part of the Circular not otherwise defined have the meanings set out in the Glossary of Terms in the Circular.

QUESTIONS AND ANSWERS ABOUT THE MEETING AND THE LUNA RESTRUCTURING TRANSACTIONS

Questions Regarding the Luna Restructuring Transactions:

Q: What will happen if the Sandstorm Resolution or the Offering Resolution is not approved or the Luna Restructuring Transactions are not completed for any reason?

A: On announcement of the Luna Restructuring Transactions, in order to provide Luna with sufficient time to hold the Luna Meeting and satisfy all necessary closing conditions of the Luna Restructuring Transactions, the Company's lenders agreed to extend the forbearance period with respect to Luna's defaults under the Credit Agreement from May 1, 2015 to May 15, 2015, and subsequently to extend it again until July 1, 2015.

If any of the Sandstorm Resolution, the Pacific Road Resolution or the Offering Resolution is not approved, or the Luna Restructuring Transactions are not completed for any other reason, Luna will continue to seek additional financing proposals and will explore and evaluate all strategic alternatives available to the Company. Luna will also seek an additional extension to the forbearance period under the Credit Agreement. **There can be no assurances that other acceptable transactions will be completed or an additional forbearance period provided. If Luna's senior lenders do not further extend the forbearance period under the Credit Agreement, they will be in a position to declare all amounts owing under the Credit Agreement to be immediately due and payable.** If Luna cannot obtain additional financing or complete another acceptable transaction, and the senior lenders do not further extend the forbearance, Luna or its creditors will likely institute insolvency proceedings.

See "*The Luna Restructuring Transactions*".

Q: When will the Luna Restructuring Transactions become effective?

A: Subject to obtaining all other required approvals as well as the satisfaction or waiver of all conditions precedent, if Luna Shareholders approve the Luna Restructuring Transactions, it is anticipated that the Luna Restructuring Transactions and related transactions will be completed in late June, 2015.

Q: What will happen to Luna if the Luna Restructuring Transactions are completed?

A: Luna will have terminated and restructured the Gold Stream Agreement and Credit Agreement. In their place, Luna will have provided Sandstorm with royalties on the Company's Aurizona and Greenfields Projects and a US$30,000,000 equity drip debenture, received approximately $20,000,000 in new debt financing, and up to $25,000,000 in new equity financing.

Following the closing of the Luna Restructuring Transactions, and subject to receipt of all applicable approvals, including from Luna's Shareholders and the TSX, the board of directors of Luna is expected to be comprised of seven individuals, three of whom are expected to be nominees of Pacific Road.

For a full description of anticipated changes to the Company, including an updated capitalization table to

reflect anticipated dilution, see "*Information Pertaining to Luna Following the Completion of the Luna Restructuring Transactions*".

Q: What other conditions must be satisfied to complete the Luna Restructuring Transactions?

A: In addition to the approval of the Luna Restructuring Transaction Resolutions by Luna Shareholders, the Luna Restructuring Transactions are conditional upon, among other things, the performance, by each of the relevant parties, of all obligations under the Definitive Agreements and receipt of all applicable waivers and consents, all in accordance with the terms of the Definitive Agreements. The Gold Stream Restructuring is also conditional on completion of the Pacific Road Offering and the Offering.

See "*The Luna Restructuring Transactions – Conditions Precedent to the Luna Restructuring Transactions*".

Q: Does the Luna Board support the Luna Restructuring Transactions?

A: Yes. The Luna Board has determined (i) that the Luna Restructuring Transactions are in the best interests of Luna and the Luna Shareholders and that, on the basis of an opinion from its financial advisor, the Luna Restructuring Transactions are fair, from a financial point of view, to the Luna Shareholders; (ii) that Luna should enter the Definitive Agreements; and (iii) to recommend Luna Shareholders vote **FOR** the Luna Restructuring Transactions.

In making its recommendation, the Luna Board considered a number of factors as described in the Circular under the heading "*The Luna Restructuring Transaction – The Recommendation of the Luna Board*".

Q: What approvals are required to be given by Luna Shareholders at the Luna Meeting?

A: To become effective: (i) the Advance Notice Policy Resolution, the Option Plan Resolution and other annual general meeting matters require approval of a majority of the votes cast in person or by proxy by Luna Shareholders; (ii) the Sandstorm Resolution will require approval of a majority of the votes cast in person or by proxy by Luna Shareholders and disinterested shareholder approval at the Luna Meeting by votes cast in person or by proxy by Luna Shareholders other than Sandstorm; (iii) the Pacific Road Resolution will require approval of a majority of the votes cast in person or by proxy at the meeting by Luna Shareholders and disinterested shareholder approval by Luna Shareholders in accordance with the policies of the TSX by votes cast in person or by proxy by Luna Shareholders other than Pacific Road (who, Luna is advised that, together with its related parties, as of the date hereof do not own any Luna Shares); (iv) the Offering Resolution will require approval of a majority of the votes cast in person or by proxy by Luna Shareholders and disinterested shareholder approval at the Luna Meeting by votes cast in person or by proxy by Luna Shareholders other than directors, officers, insiders and any person who has committed to purchase securities in the Offering as at the date of this Circular. The Offering is subject to the approval of the Sandstorm Resolution and the Pacific Road Resolution by Luna Shareholders.

Q: What do I need to do now?

A: You should carefully read and consider the information contained in this Circular, Registered Luna Shareholders should then complete, sign and date the enclosed Proxy and return the applicable form in the enclosed return envelope or by facsimile as indicated in the Notice of Meeting as soon as possible so that your Luna Shares may be represented at the Luna Meeting.

To be eligible for voting at the Luna Meeting, the Proxy must be returned by mail or by facsimile to Computershare not later than 11:00 a.m. (Vancouver time) on June 16, 2015, or if the Luna Meeting is adjourned or postponed, prior to 11:00 a.m. (Vancouver time) on the date (other than a Saturday, Sunday or any other holiday in Vancouver, British Columbia) that is two business days preceding the date to which the Luna Meeting is adjourned or postponed.

If you are a Non-Registered Luna Shareholder, your Intermediary must receive your voting instructions in sufficient time to act on them. If you provide voting instructions but subsequently wish to change them, you can revoke your prior voting instructions by providing new instructions on a voting instruction form or proxy form with a later date than your previous instructions. Your Intermediary must receive your new voting instructions with sufficient time to act on them. To be effective, the transfer agent must receive proxy voting instructions from your Intermediary by no later than 11:00 am (Vancouver Time) on June 16, 2015 or, if the Luna Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and holidays) before the reconvened Luna Meeting.

See "*General Information Concerning Luna Meeting and Voting*".

Q: Should I send in my proxy now?

A: Yes. To ensure the Luna Restructuring Transactions are approved, you need to complete and submit the applicable enclosed Proxy to Computershare or, if applicable, provide your broker with voting instructions.

See "*General Information Concerning Luna Meeting and Voting – Appointment of Proxies*".

Q: Can I change my vote after I have voted by proxy?

A: Yes. A Luna Shareholder executing the enclosed Proxy has the right to revoke it under the CBCA. A Luna Shareholder may revoke a proxy by depositing an instrument in writing executed by him or her, or by his or her attorney authorized in writing, at the registered office of Luna at any time up to and including the last day (other than a Saturday, Sunday) preceding the day of the Luna Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chair of the Luna Meeting on the day of the Luna Meeting or prior to the Luna Meeting, or any adjournment thereof, or in any other manner permitted by law.

Yes, If you are a Non-Registered Luna Shareholder, and have provided voting instructions but subsequently wish to change them, you can revoke your prior voting instructions by providing new instructions on a voting instruction form or proxy form with a later date than your previous instructions. Your Intermediary must receive your new voting instructions with sufficient time to act on them. To be effective, the transfer agent must receive proxy voting instructions from your Intermediary by no later than 11:00 am (Vancouver Time) on June 16, 2015 or, if the Luna Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and holidays) before the reconvened Luna Meeting.

See "*General Information Concerning Luna Meeting and Voting*".

Q: Will Pacific Road become a controlling Luna Shareholder and what will their ownership of Luna be?

A: Closing of the Luna Restructuring Transactions is expected to "materially affect control" (as defined by the TSX) of the Company and will result in the creation of a new insider and "control person" (as defined by the TSX) in Pacific Road. Each of these instances requires securityholder approval in accordance with the policies of the TSX.

For more information on post-closing capitalization and ownership of Luna securities, see "*Information Pertaining to Luna Following the Completion of the Luna Restructuring Transactions*".

Q: Who is Pacific Road?

A: The entities comprising Pacific Road Resources Fund II are funds forming part of the Pacific Road Resources Funds which are private equity funds investing in the global mining industry. They provide expansion and buyout capital for mining projects, mining related infrastructure and mining services businesses located throughout resource-rich regions of the world. The Pacific Road Resources Funds are managed or advised by Pacific Road Capital Management Pty Ltd. ("**PRCM**"). The PRCM team, located in Sydney, Australia, San Francisco, USA, and Vancouver, Canada, is comprised of experienced mining

investment professionals that have extensive knowledge and experience in the mining and infrastructure sectors, including considerable operating, project development, transactional and investment banking experience.

Q: On closing of the Luna Restructuring Transactions, what is the path forward for Luna?

A: Closing of the Luna Restructuring Transactions remains conditional upon, among other things, the performance, by each of the relevant parties, of all obligations under the Definitive Agreements and receipt of all applicable waivers and consents, all in accordance with the terms of the Definitive Agreements. The Gold Stream Restructuring is also conditional on completion of the Pacific Road Offering and the Offering. See "*The Luna Restructuring Transactions*".

The Company expects to use the proceeds from the Luna Restructuring Transaction to: (i) repay its existing debt facility with Société Générale (Canada Branch) and Mizuho Corporate Bank; (ii) commence an infill drilling program, prepare engineering studies and submit updated permits at Aurizona; and (iii) for general working capital and corporate purposes.

With a restructured gold stream and recapitalized balance sheet, Luna will be in a position to undertake a work program that will have the ultimate goal of restarting operations at Aurizona. The proposed 18-month work program will involve significant infill drilling, updating the geological model, calculating a new resource estimate, formulating a new, optimized mine plan, producing an updated prefeasibility study incorporating an upgraded crush and grind circuit and continuing the on-going licensing and permitting process to ultimately secure all the needed permits to restart Aurizona. The work program has a particular focus on continuing to build capacity in the local community, with the continuation of skills training programs and the launch of new initiatives to encourage agricultural entrepreneurship in the communities surrounding Aurizona.

Q: What happens if I vote "No" on the Luna Restructuring Transactions?

A: If any of the Sandstorm Resolution, the Pacific Road Resolution or the Offering Resolution is not approved, or the Luna Restructuring Transactions are not completed for any other reason, Luna will continue to seek additional financing proposals and will explore and evaluate all strategic alternatives available to the Company.

On announcement of the Luna Restructuring Transactions, in order to provide Luna with sufficient time to hold the Luna Meeting and satisfy all necessary closing conditions of the Luna Restructuring Transactions, the Company's lenders agreed to extend the forbearance period with respect to Luna's defaults under the Credit Agreement from May 1, 2015 to May 15, 2015, and subsequently to extend it again until July 1, 2015.

Luna will also seek an additional extension to the forbearance period under the Credit Agreement**. There can be no assurances that other acceptable transactions will be completed or an additional forbearance period provided. If Luna's senior lenders do not further extend the forbearance period under the Credit Agreement, they will be in a position to declare all amounts owing under the Credit Agreement to be immediately due and payable.** If Luna cannot obtain additional financing or complete another acceptable transaction, and the senior lenders do not further extend the forbearance, Luna or its creditors will likely institute insolvency proceedings.

See "*The Luna Restructuring Transactions*".

Q: Can I participate in the Luna Restructuring Transactions?

A: Yes. The Company proposes to offer to certain new and existing investors up to 150,000,000 Units at a price of $0.10 per Unit on a private placement basis for, assuming completion of the full amount of the Offering, aggregate gross proceeds to the Company of $15,000,000. The Offering will be made to certain

existing shareholders and to new investors pursuant to exemptions from Canadian prospectus requirements and U.S. registration requirements and to certain existing shareholders of the Company in accordance with BCI 45-534 and equivalent instruments in other provinces and territories of Canada. The Units will contain the same terms as the Units sold to Pacific Road pursuant to the Pacific Road Offering.

At the Luna Meeting, Luna Shareholders will be asked to approve the Offering Resolution, the text of which is set out on Appendix E hereto. See "*The Luna Restructuring Transactions*".

NOTE TO UNITED STATES LUNA SHAREHOLDERS

THE LUNA SHARES TO BE ISSUED IN CONNECTION WITH THE OFFERING HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR THE SECURITIES REGULATORY AUTHORITIES IN ANY STATE IN THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE IN THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The Units to be issued under the Offering have not been and will not be registered under the U.S. Securities Act or applicable state securities laws and, subject to certain limited exceptions, will not be offered or sold in the United States. The solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act, by virtue of an exemption applicable to proxy solicitations by foreign private issuers as defined in Rule 3b-4 under the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with applicable Canadian disclosure requirements. Residents of the United States should be aware that such requirements differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

Information concerning the properties and operations of Luna has been prepared in accordance with the requirements of Securities Laws, which differ from the requirements of United States securities laws. Unless otherwise indicated, all mineral reserve and mineral resource estimates included or incorporated by reference in this Circular have been prepared in accordance with Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") and the Canadian Institute of Mining, Metallurgy and Petroleum definitions and classification system. NI 43-101 is a rule developed by the Canadian Securities Authorities which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Canadian standards, including NI 43-101, differ significantly from the requirements of the SEC, and mineral reserve and mineral resource information contained or incorporated by reference in this Circular may not be comparable to similar information disclosed by United States companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserve". Under United States standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by United States standards in documents filed with the SEC. United States Luna Shareholders should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimates of "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies except in rare cases. Disclosure of "contained ounces" in a mineral resource estimate is permitted disclosure under NI 43-101 provided that the grade or quality and the quantity of each category is stated; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC, and reserves reported in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Accordingly, information contained in this Circular and the documents incorporated by reference herein containing descriptions of mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the U.S. federal securities laws and the rules and regulations thereunder.

Financial statements included or incorporated by reference herein have been prepared in accordance with IFRS, and are subject to auditing and auditor independence standards in Canada, and thus may not be comparable in all respects to the financial statements of United States companies.

The enforcement by investors of civil liabilities under United States federal securities laws may be affected adversely by the fact that Luna is incorporated or organized under the laws of a foreign country, that some or all of

its officers and Directors and the experts named herein may be residents of a foreign country, and that all or a substantial portion of the assets of Luna and those persons may be located outside the United States. As a result, it may be difficult or impossible for U.S. Luna Shareholders to effect service of process within the United States upon Luna, its officers or Directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, U.S. Luna Shareholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for the statements of historical fact contained herein, the information presented in this Circular and the information incorporated by reference herein, constitutes "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian Securities Laws (together, "**forward-looking statements**") concerning the business, operations and financial performance and condition of Luna. Often, but not always, forward-looking statements can be identified by words such as "pro forma", "plans", "expects", "may", "should", "could", "will", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", or variations including negative variations thereof of such words and phrases that refer to certain actions, events or results that may, could, would, might or will occur or be taken or achieved. Forward-looking statements are based on a number of material assumptions which could prove to be significantly incorrect, including the following: estimated commodity and metal pricing, mineability, marketability and operating and capital costs; Luna's expected ability to develop infrastructure and that the cost of doing so will be reasonable; assumptions that all necessary permits and governmental approvals will be obtained; Luna's expectations regarding demand for equipment, skilled labour and services needed for exploration and development of mineral properties; and Luna's activities will not be adversely disrupted or impeded by development, operating or regulatory risks.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Luna to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements or forward-looking information. Such factors include, among others, risks related to the integration of acquisitions; risks related to international operations; risks and uncertainties relating to political risks involving Luna's exploration and development of its properties; actual results of current exploration activities; the inherent uncertainty of cost estimates and the potential for unexpected costs and expenses; commodity price fluctuations; and the inability or failure to obtain adequate financing on a timely basis; as well as those factors discussed in the section entitled "Risk Factors" in this Circular. Although Luna has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, 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. Accordingly, readers should not place undue reliance on forward-looking statements.

In addition, forward-looking information herein is based on certain assumptions and involves risks related to the consummation or non-consummation of the Luna Restructuring Transactions. Risks include, but are not limited to, the risk that upon completion of the Luna Restructuring Transactions the market value of the Luna Shares will be different from the value at the time the Definitive Agreements were agreed to, that the conditions to the Luna Restructuring Transactions will not be satisfied or waived, the Gold Stream Restructuring may be terminated, there may be unforeseen or unexpected tax and other consequences to the transactions which would have a material adverse effect on Luna Shareholders, risks associated with the future market price of the shares of Luna and other risks discussed in this Circular. Although Luna has attempted to identify important factors that could cause actions, events or results to differ materially from those described in forward-looking statements in this Circular, and the documents incorporated by reference herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information.

Accordingly, readers should not place undue reliance on forward-looking statements in this Circular, nor in the documents incorporated by reference herein. All of the forward-looking statements made in this Circular, including all documents incorporated by reference herein, are qualified by these cautionary statements.

Certain of the forward-looking statements and other information contained herein concerning the mining industry and Luna's general expectations concerning the mining industry are based on estimates prepared by Luna using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which Luna believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While Luna is not aware of any misstatement regarding any industry data presented herein, the mining industry involves risks and uncertainties that are subject to change based on various factors.

Luna Shareholders are cautioned not to place undue reliance on forward-looking statements. Luna undertakes no obligation to update any of the forward-looking statements in this Circular or incorporated by reference herein, except as required by law.

LUNA DOCUMENTS INCORPORATED BY REFERENCE

The following documents, filed by Luna with the Canadian Securities Authorities, are specifically incorporated by reference into, and form an integral part of, this Circular on the basis set forth under "Information Pertaining to Luna":

(a) annual information form ("**AIF**") of Luna dated March 27, 2015 for the fiscal year ended December 31, 2014;

(b) consolidated annual financial statements of Luna as at and for the years ended December 31, 2014 and December 31, 2013, together with the notes thereto and the auditors' report thereon;

(c) management's discussion and analysis of the financial condition and results of operations (the "**MD&A**") for Luna for the year ended December 31, 2014;

(d) interim financial statements for the periods ended March 31, 2015 and 2014;

(e) management's discussion and analysis of financial condition and results of operations for the periods ended March 31, 2015 and 2014; and

(f) material change report of Luna dated May 15, 2015 in respect of the announcement of the Luna Restructuring Transactions.

All material change reports (other than confidential reports), audited annual financial statements and management's discussion and analysis and all other documents of the type referred to in section 11.1 of Form 44-101F1 ("Short Form Prospectus") filed by Luna with the Canadian Securities Authorities on SEDAR at www.sedar.com after the date of this Circular and before the Luna Meeting are deemed to be incorporated by reference into this Circular.

Any statement contained in this Circular or in any other document incorporated by reference in this Circular shall be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which also is deemed to be incorporated by reference in this Circular modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Circular except as so modified or superseded.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

In this Circular, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to "dollars" or "$" are to Canadian dollars. Unless otherwise stated, any United States dollar amounts which have been converted from Canadian dollars have been converted at an exchange rate of C$1.00 = $0.8620, the noon exchange rate for converting Canadian dollars into United States dollars, as quoted by the Bank of Canada on December 31, 2014. Unless otherwise specified, all financial information contained herein or incorporated by reference in this Circular has been presented in accordance with IFRS.

INFORMATION CONTAINED IN THIS CIRCULAR

The information contained in this Circular is given as at May 15, 2015, except where otherwise noted and except that information in documents incorporated by reference is given as of the dates noted therein. No person has been authorized to give any information or to make any representation in connection with the Luna Restructuring Transactions and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by Luna.

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

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

Descriptions in this Circular of the terms of the Definitive Agreements are summaries of the terms of those documents. Luna Shareholders should refer to the full text of each of the Definitive Agreements for complete details of those documents. The full text of the Definitive Agreements may be viewed on SEDAR at www.sedar.com.

SUMMARY

The following summarizes the principal features of the Luna Meeting. This Summary should be read together with, and is qualified in its entirety by, the more detailed information contained elsewhere in this Circular, including the appendices hereto and documents incorporated into this Circular by reference. Capitalized terms in this Summary have the meanings set out in the Glossary of Terms or as set out in this Summary.

The Luna Meeting

Date, Time and Place of Luna Meeting

The Luna Meeting will be held on June 18, 2015 at 11:00 a.m. (Vancouver time) in the Pacific Room at the Metropolitan Hotel, 645 Howe Street, Vancouver, British Columbia.

The Record Date

The record date for determining the Luna Shareholders entitled to receive notice of and to vote at the Luna Meeting is May 15, 2015 (the "**Record Date**"). Only Luna Shareholders of record as of the close of business (Vancouver time) on the Record Date are entitled to receive notice of and to vote at the Luna Meeting.

Purpose of the Luna Meeting

The Luna Meeting is both an annual and a special meeting. At the Luna Meeting the audited financial statements of the Company for the year ended December 31, 2014 will be presented to the Luna Shareholders, and the Luna Shareholders will be asked: (i) to appoint auditors and authorizing the Directors to fix the auditors' remuneration; and (ii) to elect Directors to hold office until the next annual meeting of the Company.

In addition, the Luna Shareholders will be asked at the Luna Meeting to consider and, if deemed advisable, pass the Luna Option Plan Resolution, the Advance Notice Policy Resolution, the Sandstorm Resolution, the Pacific Road Resolution and the Offering Resolution. See "*Particulars of Matters to be Acted Upon*" for a detailed description of all these matters. All resolutions to be passed at the Luna Meeting require a simple majority of the vote of Luna Shareholders voting in person or by proxy at the Luna Meeting, except the Luna Restructuring Transaction Resolutions for which the Company is required to seek minority approval under MI 61-101 and disinterested shareholder approval in accordance with the policies of the TSX (the "**TSX**").

Vote Required to Approve the Luna Restructuring Transactions

To become effective, the Sandstorm Resolution will require approval of a simple majority of the votes cast in person or by proxy at the Luna Meeting by Luna Shareholders, excluding the votes cast in respect of Luna Shares held by, beneficially owned by, or over which control or direction is exercised by Sandstorm and any of its related parties (as defined by MI 61-101) or joint actors (as defined by MI 61-101) and such other holders of Luna Shares excluded by MI 61-101. As a result, the Luna Shares that will be excluded from the calculation of the minority for purposes of minority approval of the Gold Stream Restructuring are the 28,041,300 Luna Shares held by Sandstorm (or 19.82% of the current outstanding Luna Shares).

To become effective, the Pacific Road Resolution will require approval of a simple majority of the votes cast in person or by proxy by disinterested Luna Shareholders (in accordance with the policies of the TSX), which vote will exclude Pacific Road and any Pacific Road relates parties. Pacific Road has advised that they currently hold no Luna Shares or securities convertible into Luna Shares.

To become effective, the Offering Resolution will require approval of a majority of the votes cast in person or by proxy by disinterested Luna Shareholders (in accordance with the policies of the TSX), which vote will exclude directors, officers, Sandstorm and any other insiders, Pacific Road, and any person who has committed to purchase securities in the Offering as at the date of this Circular. The Offering is subject to the approval of the Sandstorm Resolution and the Pacific Road Resolution by Luna Shareholders.

See "*Securities Laws Considerations*".

The Luna Restructuring Transactions

On March 5, 2015, in connection with the Company not being in compliance with certain covenants under its Credit Agreement (as disclosed in Luna's September 30, 2014 MD&A), the Company announced that it had entered into a forbearance agreement with Société Générale (Canada Branch), Mizuho Bank Ltd. and the other parties to the Company's February 15, 2013 credit agreement, as amended (the "**Credit Agreement**"), whereby the Company acknowledged that it was in default and the creditors agreed to refrain from exercising any rights or remedies under the Credit Agreement until May 1, 2015. Forbearance under the Credit Agreement has since been extended two additional times, until May 15, 2015 and July 1, 2015, respectively. Since March 5, 2015, Luna has been engaged in discussions with its current creditors and a number of third parties in pursuit of additional financing or other strategic alternatives.

On March 19, 2015, Luna entered into a letter of intent with Sandstorm Gold Ltd. ("**Sandstorm**") whereby, subject to the terms and conditions of the Definitive Agreements, Sandstorm agreed to terminate the Company's May 15, 2009 stream agreement (the "**Gold Stream Agreement**") with Sandstorm, Sandstorm Gold (Canada) Ltd. ("**Sandstorm Canada**"), and Mineracao Aurizona S.A. ("**MASA**"), a wholly-owned subsidiary of Luna. The Gold Stream Agreement will be replaced by two net smelter return royalties on the Company's Aurizona and Greenfields Projects, a US$30,000,000 convertible debt instrument, and also agreed to amend the Company's April 11, 2014, US$20,000,000 amended and restated loan agreement with Sandstorm, MASA and Aurizona Goldfields Corporation (collectively, the "**Gold Stream Restructuring**"). The Gold Stream Restructuring forms part of a larger series of contemplated restructuring transactions (collectively referred to herein as the "**Luna Restructuring Transactions**") resulting from these discussions, which include:

i. The issuance of a new $20,000,000 secured promissory note and 200,000,000 series B Luna Share purchase warrants exercisable for one Luna Share per warrant at an exercise price of $0.10 until June 30, 2020 to funds comprising Pacific Road Resources Fund II ("**Pacific Road**") for an aggregate purchase price of $20,000,000 pursuant to the terms of the Investment Agreement (as defined herein) (the "**Debt Offering**");

ii. A private placement of 100,000,000 units in the capital of the Company (each, a "**Unit**", each Unit to be comprised of one Luna Share and one series A Luna Share purchase warrant exercisable for one Luna Share at an exercise price of $0.125 for a term five years following the date of issue) at a price of $0.10 per Unit (the "**Issue Price**") to Pacific Road for gross proceeds to the Company of $10,000,000 (together with the Debt Offering, the "**Pacific Road Offering**");

iii. A proposed offering of up to 150,000,000 Units at the Issue Price for gross proceeds to the Company of up to approximately $15,000,000 on a private placement basis, which may be made to certain existing shareholders or new investors; and

iv. Repayment and termination of the Credit Agreement.

At the Luna Meeting, Luna Shareholders will be asked to approve the Gold Stream Restructuring by the Sandstorm Resolution, the Pacific Road Offering as by the Pacific Road Resolution and the Offering by the Offering Resolution (together, the "**Luna Restructuring Transaction Resolutions**"). To be effective, the Pacific Road Resolution must be approved by an ordinary resolution, the Sandstorm Resolution and must receive minority approval under MI 61-101 and the Offering Resolution must receive disinterested shareholder approval in accordance with the policies of the TSX.

Each of the transactions comprising the Luna Restructuring Transactions is indirectly conditional upon all of the Luna Restructuring Transactions Resolutions being passed. The failure to approve any of the Luna Restructuring Transaction Resolutions will result in the transactions not being implemented.

See "*The Luna Restructuring Transactions*".

Recommendation of the Luna Board

After careful consideration, the Luna Board determined that the Luna Restructuring Transactions are in the best interests of Luna. **Accordingly, the Luna Board recommends that Luna Shareholders vote FOR the Luna Restructuring Transaction Resolutions.**

See "*The Luna Restructuring Transactions – Recommendation of the Luna Board*".

Reasons for the Luna Restructuring Transactions

In the course of its evaluation of the Luna Restructuring Transactions, the Luna Board consulted with Luna's senior management, legal counsel and financial advisors, reviewed a significant amount of information and considered a number of factors including, among others, the following:

- *Extensive Strategic Review.* The Company has conducted an extensive market review explored all strategic alternatives over a period of six months. The Luna Restructuring Transactions is the only viable transaction that resulted from that strategic review process.

- *Restructuring of Debt*. The Luna Restructuring Transactions allow the Company to settle its debt obligations under the existing Credit Agreement and delay cash principal repayments on new debt issued pursuant to the Luna Restructuring Transactions. If the Luna Restructuring Transactions are not completed, the Company's senior lenders' agreement to forbear from commencing enforcement actions against the Company and its assets will terminate and the lenders will have the immediate right to commence such actions, including, without limitation, the initiation of legal proceedings that could result in an insolvency proceeding against the Company and its subsidiaries. There can be no assurances that the Company will be able to secure additional financing or extended forbearance from its lenders.

- *Canaccord Fairness Opinion.* The receipt by the Special Committee of the Canaccord Fairness Opinion, which provides that, as of the date thereof and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received is fair, from a financial point of view, to Luna Shareholders excluding Sandstorm as a Luna Shareholder. The Canaccord Fairness Opinion is attached as Appendix F to this Circular.

- *Evans & Evans Valuation Report.* The receipt by the Luna Board of the Evan & Evans Valuation Report, which provides that, as of the date thereof and subject to the assumptions, limitations and qualifications contained therein, it is reasonable for Evans & Evans to outline that the fair market value of the cost savings of the Gold Stream Restructuring are in the range of $11.1 – $11.9 million. The Evan & Evans Valuation Report is attached as Appendix G to this Circular.

- *Pacific Road Board Involvement.* Following the closing of the Luna Restructuring Transactions, and subject to receipt of all applicable approvals, including from Luna's Shareholders and the TSX, the board of directors of Luna is expected to be comprised of seven individuals, three of whom are expected to be nominees of Pacific Road.

- *Continued Participation by Luna Shareholders.* Luna Shareholders will continue to participate in any value increases associated with the Aurizona and Greenfields Projects, through their ownership of Luna Shares. Subject to applicable securities laws, certain Luna Shareholders are also provided with the opportunity to participate in the Offering. Following the completion of the Luna Restructuring Transactions, existing Luna Shareholders will hold approximately 54.5% of the then outstanding Luna Shares (on a non-diluted basis and assuming Luna Shareholders subscribe for $10,000,000 of Units in the Offering).

- *Recapitalization of Luna.* On closing of the Luna Restructuring Transactions, Luna will have restructured its gold stream and recapitalized its balance sheet, putting it in a position to undertake an 18-month work program that will have the ultimate goal of restarting operations at the Aurizona Project.

- *Definitive Agreement Terms & Luna Board Support*. The Luna Restructuring Transactions, including the terms of the Definitive Agreements, have been approved by the Luna Board. Each of the directors and senior officers of Luna intend to vote all of their Luna Shares in favour of the Luna Restructuring Transactions Resolutions subject to the other terms of the Definitive Agreements.

- *Required Approvals*. The following rights and approvals protect Luna Shareholders: (i) the Sandstorm Resolution must be approved simple majority of the votes cast in person or by proxy at the Luna Meeting by Luna Shareholders excluding the votes cast in respect of Luna Shares held by, beneficially owned by, or over which control or direction is exercised by Sandstorm and any of its related parties (as defined by MI 61-101) or joint actors (as defined by MI 61-101) and such other holders of Luna Shares excluded by MI 61-101; (ii) the Pacific Road Resolution will require approval of a simple

majority of the votes cast in person or by proxy by disinterested Luna Shareholders (in accordance with the policies of the TSX), which vote will exclude all insiders of the Company, Pacific Road and any Pacific Road related parties; and (iii) the Offering Resolution will require approval of a simple majority of the votes cast in person or by proxy by disinterested Luna Shareholders (in accordance with the policies of the TSX), which vote will exclude all insiders of the Company and any other persons who have committed to participate in the Offering prior to the Record Date.

Risk Factors

In the course of its deliberations, the Luna Board also identified and considered a variety of risks (as described in greater detail under "*Risk Factors*" in this Circular) and potential negative factors in connection with the Luna Restructuring Transactions, including, but not limited to:

- The completion of the Luna Restructuring Transactions is subject to several conditions that must be satisfied or waived, including, among other things, that Luna Shareholder Approval shall have been obtained. There can be no certainty that these conditions will be satisfied or waived.

- The completion of the Gold Stream Restructuring is subject to several conditions that must be satisfied or waived, including, among other things, that Luna complete the Pacific Road Offering and the Offering to raise proceeds of at least $20,000,000 in equity financing. There can be no certainty that this condition will be satisfied or waived.

- The issuance of a significant number of Luna Shares pursuant to the Pacific Road Offering and the Offering could adversely affect the market price of Luna Shares.

- The Definitive Agreements may be terminated by Sandstorm, Pacific Road or Luna in certain circumstances, in which case the market price for Luna Shares may be adversely affected.

- Following closing, Luna may not realize the benefits currently anticipated due to challenges associated with operating in the mining industry generally, Luna's need for additional financing, and Luna's existing debt.

- Luna's significant shareholders could influence the Company's business practices.

- Sales of Luna Shares by Luna's significant shareholders could adversely affect the market price of Luna Shares.

- If the Luna Restructuring Transactions are not completed, the Company's senior lenders' agreement to forbear from commencing enforcement actions against the Company and its assets will terminate and the lenders will have the immediate right to commence such actions, including, without limitation, the initiation of legal proceedings that could result in an insolvency proceeding against the Company and its subsidiaries.

See "*The Luna Restructuring Transactions – Reasons for the Luna Restructuring Transactions*".

Canaccord Fairness Opinion

The Special Committee engaged Canaccord to provide financial advisory services and to address the fairness, from a financial point of view, of the Luna Restructuring Transactions to Luna Shareholders (excluding Sandstorm). In connection with this mandate, Canaccord provided an opinion to the Special Committee to the effect that, as at the date thereof and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received is fair, from a financial point of view to Luna Shareholders, excluding Sandstorm. The full text of the Canaccord Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Canaccord Fairness Opinion, is attached hereto as Appendix F. The summary of the Canaccord Fairness Opinion described herein is qualified in its entirety by reference to the full text of the Canaccord Fairness Opinion.

Under its engagement letter with Canaccord, Luna has agreed to pay a flat professional fee for the Canaccord Fairness Opinion and a percentage fee for Canaccord's financial advisory services, but the fees are not contingent upon the opinions presented. In addition, Luna has agreed to indemnify Canaccord in respect of certain circumstances that might arise out of the preparation of the Canaccord Fairness Opinion.

The Canaccord Fairness Opinion is not a recommendation to any Luna Shareholder as to how to vote or act on any matter relating to the Luna Restructuring Transactions. The Luna Board urges Luna Shareholders to read the Canaccord Fairness Opinion carefully and in its entirety.

Evans & Evans Valuation Report

Luna engaged Evans & Evans to provide an independent opinion as to the fair market value of the marginal costs associated with the Gold Stream Restructuring as at March 19, 2015. In connection with this mandate, Evans & Evans provided a valuation report to the Luna Board to the effect that, as at the date thereof and subject to the assumptions, limitations and qualifications contained therein, it is reasonable for Evans & Evans to outline that the fair market value of the cost savings of the Gold Stream Restructuring are in the range of $11.1 – $11.9 million. The full text of the Evans & Evans Valuation Report, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Evans & Evans Valuation Report, is attached hereto as Appendix G. The summary of the Evans & Evans Valuation Report described herein is qualified in its entirety by reference to the full text of the Evans & Evans Valuation Report.

Under the terms of its engagement letter with Evans & Evans, Luna has agreed to pay fees for Evans & Evans services in preparation of the Evans & Evans Valuation Report. The Evans & Evans Valuation Report is not a recommendation to any Luna Shareholder as to how to vote or act on any matter relating to the Luna Restructuring Transactions. The Luna Board urges Luna Shareholders to read the Evans & Evans Valuation Report carefully and in its entirety.

The Definitive Agreements

This Circular contains a summary of certain provisions of the Definitive Agreements (see "*The Luna Restructuring Transactions – Definitive* Agreements") and is qualified in its entirety by the full text of the Definitive Agreements, copies of which are available for viewing on SEDAR at www.sedar.com.

Aurizona and Greenfields Project NSR Royalty Agreements

On May 7, 2015, Luna, MASA and Sandstorm Canada, entered into the Aurizona Project NSR Royalty Agreement and the Greenfields Project NSR Royalty Agreement (the "**Royalty Agreements**"). Other than as described herein, the terms of each Royalty Agreement are substantially the same. In consideration for Luna's provision of the Royalty Agreements and the issuance of the Sandstorm Debenture, and in connection with the entire Gold Stream Restructuring, Luna and Sandstorm have agreed to, on the closing date, terminate the Gold Stream Agreement.

The Aurizona Project NSR

The Aurizona Project NSR covers the entire Aurizona Project, including the current NI 43-101 compliant resources, and all adjacent exploration upside that is processed through the Aurizona mill net of third party refining costs (including treatment and processor deductions, transportation and insurance but excluding the costs of mining, mine site processing and handling). The maximum allowable deductions from gross smelter returns shall be 5% of the aggregate value of such gross smelter returns. The Aurizona Project NSR is a sliding scale royalty based on the price of gold as follows:

- 3% if the monthly average price of gold is less than or equal to US$1,500 per ounce;
- 4% if the monthly average price of gold is between US$1,500 per ounce and US$2,000 per ounce; and
- 5% if the monthly average price of gold is greater than US$2,000 per ounce.

The Greenfields NSR

The Greenfields NSR covers the approximate 190,000 hectares of exploration ground held by Luna and is for 2% of the gross smelter returns net of third party refining costs (including treatment and processor deductions, transportation and insurance but excluding the costs of mining, mine site processing and handling). The maximum allowable deductions from gross smelter returns shall be 5% of the aggregate value of such gross smelter returns. Luna has the right to purchase one-half of the Greenfields NSR for US$10,000,000 at any time prior to commercial production.

The Sandstorm Debenture

On the closing date, as additional consideration for the Gold Stream Restructuring, the Company will issue the Sandstorm Debenture to Sandstorm Canada in the principal amount of US$30,000,000. Portions of the principal amount owing under the Sandstorm Debenture will become due and payable in two equal instalments of US$10,000,000 on each of June 30, 2018 and June 30, 2019, respectively, and the outstanding balance (together with all accrued and unpaid interest thereon) shall fall due and payable on June 30, 2020 (each such date being a "**Principal Repayment Date**"). The Company may prepay the Sandstorm Debenture prior to its maturity in whole or in part from time to time upon 15 days prior written notice. Interest on the principal amount of the Sandstorm Debenture shall accrue at a rate equal to 5% per annum, compounding quarterly but only payable by Luna on a Principal Repayment Date.

At Luna's option, on each Principal Repayment Date, Luna shall, subject to certain conditions being met, have the option to convert outstanding principal and interest owing into Luna Shares (together, the "**Conversion Right**"). Neither party may exercise the Conversion Right if such exercise would result in Sandstorm Canada holding greater than 19.99% of the outstanding Luna Shares (such calculation to be made on a non-diluted basis); however, if as a result Luna cannot exercise the Conversion Right, maturity of the Sandstorm Debenture may be extended. The conversion price on any exercise of the Conversion Right shall be equal to the greater of $0.10 per Luna Share and the 20-day volume weighted average trading price of the Luna Shares ending the date before such conversion.

The Second Restated Loan Agreement

On the closing date, Aurizona (a wholly owned subsidiary of Luna) as a borrower, and MASA and the Company as guarantors, will enter into the Second Restated Loan Agreement with Sandstorm, which agreement will amend and supersede the restated loan agreement between the same parties dated as of April 11, 2014 (the "**Original Restated Loan Agreement**").

The principal amount of the loan previously provided by Sandstorm to Aurizona under the Second Restated Loan Agreement will be approximately US$23,700,000 (the "**Loan**"). The Loan will mature on June 30, 2021, although Aurizona may prepay the Loan, in whole or in part, at any time upon 10 business days' notice without penalty. Any amount repaid by Aurizona may not be re-borrowed. The Loan shall bear interest at a reduced rate per annum of 5% (reduced from the existing 12% rate), compounded quarterly in arrears but only due and payable upon maturity of the Loan (or upon a default thereunder). Following an event of default under the Loan, the interest rate shall increase by 5% per annum.

The Intercreditor Agreement

On the closing date, the Intercreditor Agreement will be entered into among Sandstorm, Sandstorm Canada (together with Sandstorm, the "**Sandstorm Parties**"), Pacific Road and its affiliates (the Pacific Road entities collectively being the "**Senior Lenders**"), the Company, Aurizona and MASA. The Intercreditor Agreement relates to the rights and obligations of the parties to, as applicable, the Pacific Road Note, the Aurizona Project NSR Royalty Agreement, the Greenfields Project NSR Royalty Agreement, the Second Restated Loan Agreement and the Sandstorm Debenture, and governs the subordination of the indebtedness evidenced thereby and the priority and postponement of the security granted in respect thereof.

Pursuant to the Intercreditor Agreement, the interests of the Sandstorm Parties in the property, assets and undertaking of the Company, Aurizona and MASA which are subject to security granted to the Sandstorm Parties for obligations due under the Aurizona Project NSR Royalty Agreement, the Greenfields Project NSR Royalty Agreement, the Second Restated Loan Agreement and the Sandstorm Debenture will be subordinated in all respects to the interests of the Senior Lenders under the security granted to them for obligations due under the Pacific Road Note. Similarly, the obligations of the Company, Aurizona and MASA to the Sandstorm Parties under the Aurizona Project NSR Royalty Agreement, the Greenfields Project NSR Royalty Agreement, the Second Restated Loan Agreement and the Sandstorm Debenture will be deferred, postponed and subordinated to the prior repayment of the obligations of the Company, Aurizona and MASA to the Senior Lenders under the Pacific Road Note.

The Investment Agreement

On May 7, 2015 the Company and Aurizona and MASA as guarantors (together, the "**Guarantors**") entered into the Investment Agreement with Pacific Road and its affiliates, which agreement sets out the rights and obligations of the parties

thereto in respect of the ownership by Pacific Road of the Units, the Pacific Road Note and the other securities issued by the Company in favour of Pacific Road.

Pacific Road has agreed to purchase on closing from the Company 100,000,000 Units issued by the Company (with each unit comprising one Luna Share of the Company and one Series A Warrant exercisable for five years at $0.125 per Luna Share) at a price of $0.10 per unit, for an aggregate purchase price of $10,000,000. Pacific Road has also agreed to purchase on closing from the Company the Pacific Road Note in the aggregate principal amount of $20,000,000, together with 200,000,000 Series B Warrants (exercisable for approximately five years at $0.10 per Luna Share), for an aggregate purchase price of $20,000,000. The net proceeds of the issuance and sale of such Units, Pacific Road Note and both series of Warrants will be applied in (i) repayment of the Company's existing indebtedness to Societe Generale (Canada Branch) and Mizuho Corporate Bank Ltd. under a $30,000,000 corporate secured revolving facility agreement in favour of Aurizona, (ii) commence an infill drilling program at the Aurizona Project, and (iii) funding working capital, including in respect of the mine plan, engineering studies and permitting for the Aurizona Project.

The Company has also provided Pacific Road with positive and negative covenants, normal course representations and warranties, and certain other rights as described more particularly herein.

The Pacific Road Note

On the closing date, the Company will receive $20,000,000 and will issue the Pacific Road Note in the aggregate principal amount of $20,000,000 to Pacific Road. The Pacific Road Note will be issued to Pacific Road in connection with the respective rights and obligations of Pacific Road and the Company under the Investment Agreement. At its discretion, Pacific Road may divide the principal owing under the Pacific Road Note under one or more forms of Pacific Road Note, with each such form containing identical terms and conditions.

Unless repaid by the Company prior to maturity or otherwise repaid on demand following an event of default by the Company, the Pacific Road Note will be due and payable at 5:00 p.m. (Toronto time) on June 30, 2020. The Company may, at its discretion, at any time following the exercise by a Pacific Road holder of Series B Warrants for cash consideration, prepay all or part of the principal amount of the Pacific Road Note (together with all accrued but unpaid interest thereon) with all or part of the proceeds of such exercise of Series B Warrants to that Pacific Road holder, upon giving three business days prior written notice.

Interest on the unpaid principal amount of the Pacific Road Note in the amount of 10% per annum (which may be increased to 15% per annum in case of a default by the Company) is payable by the Company quarterly in arrears on March 31, June 30, September 30 and December 31 of each year and on the maturity of the Pacific Road Note. At the sole discretion of Pacific Road, with five days prior written notice, the Company shall satisfy accrued but unpaid interest due to Pacific Road on the next interest payment date by issuance to Pacific Road of Luna Shares. The number of Luna Shares to be so issued shall be determined by Pacific Road by dividing (i) the aggregate amount of the accrued but unpaid interest as of the applicable interest payment date by (ii) the volume-weighted average trading price of the Luna Shares on the TSX for the five trading days immediately prior to that interest payment date.

Interests of Certain Persons in the Luna Restructuring Transactions

Interests of Directors and Officers of Luna

All benefits received, or to be received, by Directors or executive officers of Luna as a result of the Luna Restructuring Transactions are, and will be, solely in connection with their services as Directors or officers of Luna. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person for Luna Shares, nor is it, or will it be, conditional on the person supporting the Luna Restructuring Transactions.

See "*The Luna Restructuring Transactions – Interests of Directors and Officers of Luna in the Luna Restructuring Transactions*".

Canadian Securities Laws Information for Luna Shareholders

TSX Listing

The TSX has conditionally accepted the Luna Restructuring Transactions subject to the Company fulfilling all of the requirements of the TSX's conditional acceptance in connection with or upon completion of the Luna Restructuring Transactions.

The TSX regulates the issuance of listed securities, such as the issuance of the any new Luna Shares by the Company. The TSX will require securityholder approval in a number of instances including: (i) where an issuance of listed securities will "materially affect control", being a transaction that results, or could result, in a shareholder holding in excess of 20% of the voting rights of an issuer; or (ii) where the issuance of listed securities would exceed 25% of the then issued and outstanding securities and the price (or any conversion or exercise price) at which listed securities are to be issued pursuant to any private placement is less than the market price of the listed securities; (iii) where the price (or any conversion or exercise price) at which listed securities are to be issued pursuant to any private placement exceeds the maximum discount prescribed by the TSX; or (iv) where a transaction results in a shareholder holding a majority of a company's voting shares.

Accordingly, Luna will require securityholder approval because closing of the Luna Restructuring Transactions (i) may "materially affect control" of the Company as Luna will issue greater than 20% of its securities to Pacific Road; (ii) issue greater than 25% of the current outstanding Luna Shares at a price (including the conversion and exercise prices) at less than the market price of the Luna Shares; (iii) issue the Units at $0.10 per Unit, a price that exceeds the maximum discount prescribed by the TSX, including, in respect of the Series A and B Warrants, where the exercise prices of $0.125 and $0.10 respectively are below the current market price and maximum discount prescribed by the TSX; and (iv) may result in Pacific Road holding a majority of the outstanding Luna Shares. The Luna Restructuring Transactions may, subject to a number of assumptions, result in the issuance of an additional 1,368,000,000 Luna Shares (or greater than 967% of the current outstanding Luna Shares). In addition, it is possible that insiders of Luna may (i) subscribe for all 150,000,000 Units offered to certain existing and new shareholders pursuant to the Offering; and (ii) receive up to 768,000,000 Luna Shares, representing 541% of the current outstanding Luna Shares.

See "*Information Pertaining to Luna Following the Completion of the Luna Restructuring Transactions*".

Consequently, the Company must exclude from the Pacific Road Resolution the votes of any Luna Shareholders who have an 'interest' in the Pacific Road Offering, namely, Pacific Road. As of the Record Date, Luna is informed that Pacific Road does not currently hold any Luna Shares.

The Company must exclude from the Offering Resolution the votes of any Luna Shareholders who have an 'interest' in the Offering, namely, all Directors and officers of Luna, Sandstorm and any other insiders. In addition, in respect of the Offering Resolution, the votes of any other person who has committed to participate in the Offering prior to May 15, 2015 must also be excluded. All other Luna Shareholders will be permitted to vote on the Pacific Road Resolution and the Offering Resolution.

See "*Securities Laws Considerations – Canadian Securities Laws*".

MI 61-101

MI 61-101 regulates certain types of related party transactions to ensure equality of treatment among security holders and may require enhanced disclosure, approval by a majority of security holders (excluding "interested parties" under applicable Securities Laws), independent valuations and, in certain instances, approval and oversight of certain transactions by a special committee of independent directors. The protections afforded by MI 61-101, apply to, among other transactions, "related party transactions" (as defined in MI 61-101), being transactions with a related party, and "business combinations" (as defined in MI 61-101) which may terminate the interests of security holders without their consent.

Pursuant to MI 61-101, Sandstorm, and any person who is a "related party" of Sandstorm, are "related parties" of Luna (as defined in MI 61-101) as a consequence of Sandstorm's ownership of securities of Luna carrying more than 10% of the voting rights of the issued and outstanding Luna Shares of Luna. As a result, Sandstorm's relationship with Luna requires compliance with the requirements of MI 61-101, including, unless an exemption is available, the requirement to obtain a formal valuation and approval of a majority of the minority of Luna Shareholders.

Formal Valuation

MI 61-101 requires that an issuer obtain a formal valuation for certain related party transactions and business combinations. Accordingly, the Company retained Evans & Evans to provide the Evans & Evans Valuation Report. See "*The Luna Restructuring Transactions – Evan & Evans Valuation Report*".

Minority Approval

MI 61-101 requires that, in addition to any other required security holder approval, a related party transaction is subject to "minority approval" (as defined in MI 61-101) of every class of "affected securities" (as defined in MI 61-101) of the issuer, in each case voting separately as a class. In relation to the Gold Stream Restructuring, the approval of the Sandstorm Resolution will require the affirmative vote of a simple majority of the votes cast excluding all "interested parties" (as defined in MI 61-101), any related party of an "interested party" and any joint actor of either of those two categories.

Accordingly, Luna Shares held by a related party of Luna at the time transaction is agreed to would be excluded from the calculation of the "minority" for purposes of minority approval under MI 61-101. As a result, any Luna Shares held by Sandstorm and its affiliates, and any Luna Shares held by a "related party" of Sandstorm or Sandstorm would be excluded from the calculation of the "minority" for purposes of minority approval under MI 61-101.

As a result, the Luna Shares that will be excluded from the calculation of the minority for purposes of minority approval of the Gold Stream Restructuring are the 28,041,300 Luna Shares held by Sandstorm (or 19.82% of the current outstanding Luna Shares), any related party of Sandstorm, and any joint actor with Sandstorm.

See "*Securities Laws Considerations – MI 61-101*" in this Circular.

GENERAL INFORMATION CONCERNING LUNA MEETING AND VOTING

The Luna Meeting

Luna is providing this Circular and a Proxy ("**Proxy**") in connection with management's solicitation of proxies for use at the annual and special meeting (the "**Luna Meeting**") of the Company to be held on June 18, 2015 and at any adjournment or postponement thereof. Unless the context otherwise requires, when we refer in this Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or use other methods. The Company may also retain a proxy solicitation agent. The Company will pay the cost of solicitation.

This Circular contains references to United States dollars and Canadian dollars. All dollar amounts referenced, unless otherwise indicated, are expressed in United States dollars (US$) and Canadian Dollars ($). Unless otherwise stated, any United States dollar amounts which have been converted from Canadian dollars have been converted at an exchange rate of C$1.00 = $0.8620, the noon exchange rate for converting Canadian dollars into United States dollars, as quoted by the Bank of Canada on December 31, 2014.

Record Date

The Record Date for the determination of Luna Shareholders entitled to receive notice of and to vote at the Luna Meeting is the close of business on May 15, 2015. Only Luna Shareholders whose names have been entered in the register of Luna Shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Luna Meeting.

Appointment of Proxies

The purpose of a proxy is to designate persons who will vote the proxy on behalf of a Luna Shareholder in accordance with the instructions given by the Luna Shareholder in the proxy. The persons whose names are printed in the enclosed Proxy are officers or Directors of the Company (the "**Management Proxyholders**").

A Shareholder has the right to appoint a person other than a Management Proxyholder to represent the Shareholder at the Luna Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's

name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a Shareholder.

Voting by Proxy

Only Registered Luna Shareholders or duly appointed proxyholders are permitted to vote at the Luna Meeting. The Company has only one class of stock, common shares ("**Luna Shares**"). Outstanding Luna Shares represented by a properly executed proxy will be voted for or against or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Luna Shares will be voted accordingly.

If a Shareholder does not specify a choice and the Shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Luna Meeting.

The enclosed Proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Luna Meeting, and with respect to other matters which may properly come before the Luna Meeting. At the date of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Luna Meeting.

Completion and Return of Proxy

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc. ("**Computershare**"), Proxy Department, 100 University Avenue, 9th Floor, P.O. Box 4572, Toronto, Ontario, M5J 2Y1, not later than 11:00 a.m. (Vancouver time) on June 16, 2015, or not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of any adjournment or postponement of the Luna Meeting, unless the chairman of the Luna Meeting elects to exercise his discretion to accept proxies received subsequently.

Revocation of Proxies

Any registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered Shareholder, his or her attorney authorized in writing or, if the registered Shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the office of the Company's registrar and transfer agent or at the registered office of the Company at any time up to and including the last business day preceding the date of the Luna Meeting, or any adjournment or postponement thereof, or with the chairman of the Luna Meeting on the day of the Luna Meeting.

Non-Registered Luna Shareholders

Only Registered Luna Shareholders or the persons they appoint as their proxies are permitted to vote at the Luna Meeting. Registered Luna Shareholders are holders whose names appear on the share register of the Company and are not held in the name of a brokerage firm, bank or trust company through which they purchased shares. Whether or not you are able to attend the Luna Meeting, Luna Shareholders are requested to vote their proxy in accordance with the instructions on the proxy. Most Luna Shareholders are "non-registered" Luna Shareholders ("**Non-Registered Luna Shareholders**") because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. The Luna Shares beneficially owned by a Non-Registered Luna Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Luna Shareholder deals with in respect of Luna Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or The Depository Trust & Clearing Corporation) of which the Intermediary is a participant.

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

Issuers can request and obtain a list of their NOBOs from Intermediaries via their transfer agents pursuant to National Instrument 54-101 - Communication with Beneficial Owners of Securities of a Reporting Issuer ("**NI 54-101**"), and issuers can use this NOBO list for distribution of proxy-related materials directly to NOBOs. The Company, at its own cost, has decided to take advantage of those provisions of NI 54-101 that allow it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a voting instruction form from the Company's transfer agent, Computershare. These voting instruction forms are to be completed and returned to Computershare in the postage paid envelope provided or by facsimile. Computershare will tabulate the results of the voting instruction forms received from NOBOs and will provide appropriate instructions at the Luna Meeting with respect to the shares represented by voting instruction forms they receive. Alternatively, NOBOs may vote following the instructions on the voting instruction form, via the internet or by phone.

With respect to OBOs, in accordance with applicable securities law requirements, the Company will have distributed copies of the Notice of Meeting, this Circular, the Proxy and the supplemental mailing list request card (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Luna Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Luna Shareholders unless a Non-Registered Luna Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Luna Shareholders. Generally, Non-Registered Luna Shareholders who have not waived the right to receive Meeting Materials will either:

(a) be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Luna Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "**VIF**") which the Intermediary must follow; or

(b) be given a Proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Luna Shares beneficially owned by the Non-Registered Luna Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the Proxy, this Proxy is not required to be signed by the Non-Registered Luna Shareholder when submitting the proxy. In this case, the Non-Registered Luna Shareholder who wishes to submit a proxy should properly complete the Proxy and deposit it with the Company, c/o Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Luna Shareholders to direct the voting of the Luna Shares which they beneficially own. Should a Non-Registered Luna Shareholder who receives one of the above forms wish to vote at the Luna Meeting in person (or have another person attend and vote on behalf of the Non-Registered Luna Shareholder), the Non-Registered Luna Shareholder should strike out the persons named in the Proxy and insert the Non-Registered Luna Shareholder or such other person's name in the blank space provided. In either case, Non-Registered Luna Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

If you are a Non-Registered Luna Shareholder, your Intermediary must receive your voting instructions in sufficient time to act on them. If you provide voting instructions but subsequently wish to change them, you can revoke your prior voting instructions by providing new instructions on a voting instruction form or proxy form with a later date than your previous instructions. Your Intermediary must receive your new voting instructions with sufficient time to act on them. To be effective, the transfer agent must receive proxy voting instructions from your Intermediary by no later than 11:00 am (Vancouver Time) on June 10, 2014 or, if the Luna Meeting is adjourned or postponed, at least 48 hours (excluding Saturdays, Sundays and holidays) before the reconvened Luna Meeting.

Quorum

The Articles of Luna provide that a quorum for the transaction of business at any meeting of shareholders shall be not less than one shareholder present in person or represented by proxy or duly authorized representative, representing not less than 10% of the issued and outstanding Luna Shares.

Voting Securities and Principal Holders Thereof

The Company is authorized to issue an unlimited number of Luna Shares, of which 141,478,566 Luna Shares are issued and outstanding as of May 15, 2015. Persons who are Registered Luna Shareholders at the close of business on May 15, 2015 will be entitled to receive notice of and vote at the Luna Meeting and will be entitled to one vote for each Luna Share held. The Company has only one class of Luna Shares.

To the knowledge of the directors (the "**Directors**") and executive officers of the Company, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of voting securities of the Company, except the following:

Name	No. of Luna Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly[1]	Percentage of Outstanding Luna Shares
Sandstorm Gold Ltd.	28,041,300[2]	19.82%
Sentry Investments Inc.	17,336,000[3]	12.25%
Luis J. Baertl	14,706,008[4]	10.39%

1. Luna Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based on publicly available information or information furnished to the Company directly by the above shareholders.
2. Based on early warning report filed on SEDAR dated August 11, 2014.
3. Based on early warning report filed on SEDAR dated April 10, 2014.
4. Of these Luna Shares, 11,953,300 are held indirectly in the name of Pacha Minerals Investments Limited ("Pacha"), a BVI company and 2,000,000 through Runa Investments Limited, a private company owned/controlled by Mr. Baertl. He holds 326,336 Luna Shares for his children and holds the remaining 426,372 Luna Shares personally.

EXECUTIVE COMPENSATION

As at the date of this Circular, two individuals were "named executive officers" of the Company within the meaning of the definition set out in National Instrument Form 51-102F6, "Statement of Executive Compensation". As required by Form 51-102F6, the following includes disclosure of the compensation paid or payable by the Company to its named executive officers, including its current Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), namely:

- Marc Leduc, the President and CEO since January 2015, and
- Duane Lo, the Vice-President and CFO since July 2009.

Compensation Discussion and Analysis

Objectives of Compensation Program

The objectives of the Company's compensation program have been to attract, retain and inspire performance by members of senior management of a quality and nature that would enhance the sustainable profitability and growth of the Company.

Overview of the Compensation Philosophy

The following principles guided the Company's overall compensation philosophy:

(a) compensation has been determined on an individual basis to reward performance and to attract and retain talented, high-achievers;

(b) total compensation has been set with reference to the market for similar jobs in similar locations and within the industry;

(c) an appropriate portion of total compensation has been variable and linked to achievements, both individual and corporate;

(d) internal equity has been maintained such that individuals in similar jobs and locations are treated fairly; and

(e) the Company has supported reasonable expenses in order that employees continuously maintain and enhance their skills.

Role of the Compensation & Corporate Governance Committee

The Compensation & Corporate Governance Committee, which is referred to for the remainder of this Compensation Discussion and Analysis as the "**Compensation Committee**", was established by the Luna Board of the Company to assist in fulfilling the Luna Board's responsibilities relating to compensation for the Company's officers, directors and employees. The Compensation Committee's role has been to ensure that the Company has an executive compensation program that is both motivational and competitive so that it would attract, hold and inspire performance by executive officers of a quality and nature that would enhance the sustainable profitability and growth of the Company. In performing its duties, the Compensation Committee practice has been to review and recommend the compensation philosophy and guidelines for the Company, which has included reviewing compensation for executive officers for recommendation to the Luna Board.

For the remainder of this Compensation Discussion and Analysis, certain of the individuals included in the "Summary Compensation Table" herein are referred to as the "**NEOs**"; namely Marc Leduc, Duane Lo, William John Blake, Geoff Chater, George Peter Mah, Titus Haggan and Mark Halpin. There were no other executive officers of the Company or other individuals acting in a similar capacity during 2013, 2014, or 2015 to date.

The Compensation Committee's practice has been to annually complete a review of the CEO's and other NEOs' performance in accordance with evaluation criteria listed below in the "Annual Performance-Based Cash Incentives" section. Based on the foregoing evaluation, as well as other criteria, the Compensation Committee has made a recommendation to the Luna Board on bonuses, salaries, perquisites, stock option grants and other equity based awards.

This review has included obtaining a compensation report (the "**Compensation Report**") from an independent compensation consultant. The Compensation Report has been specifically tailored to the Company and its executive officers using industry comparable companies to develop a Comparator group (the "**Comparator Group**") of companies for comparison of compensation levels and practices. Each executive officer has been evaluated against similar officers in the Comparator Group taking into account executive responsibilities, experience, operating jurisdictions, risk and other factors, including past performance, when evaluating compensation. A performance evaluation has been completed for each executive officer by the Chief Executive Officer, who has submitted this performance review along with his recommendations to the Compensation Committee. The Compensation Committee has reviewed the performance evaluations, any Compensation Report, and other compensation information selected by the Compensation Committee, and submitted its recommendations to the Board with respect to the basic salary, bonus and participation in share compensation arrangements for each executive officer. The CEO is not present during the review, recommendations and voting with respect to his compensation.

In making its recommendations for the years 2013 and 2014, the Compensation Committee was satisfied that all recommendations complied with the Company's philosophy and guidelines.

Composition of the Compensation Committee

The Compensation Committee is currently comprised of three of the Company's seven Directors: Harry Wayne Kirk (Chairman), Steven Krause and Federico Schwalb. The Luna Board considers the members well-qualified to serve on the Compensation Committee, given the expertise they have accrued in their business careers.

Mr. Kirk is a Corporate Director and holds a law degree from Harvard University and has been a member of the California Bar since 1969. He was Vice President, General Counsel and Corporate Secretary of Homestake Mining Company from September 1992 to December 2001. He also is a director of Gabriel Resources Ltd. and Northern Dynasty Minerals Ltd., and serves or has served on compensation and governance committees of Northern Dynasty Minerals, Taseko Mines Limited and other public and private companies.

Mr. Krause is a Chartered Accountant and is the President of Langley, BC based Chartered Accounting practice, Avisar Chartered Accountants. He has worked extensively with mineral exploration and development stage public companies and is currently the CFO of Bear Creek Mining Corporation.

For many years, Mr. Schwalb has served as a senior executive in large mining companies, including Newmont Mining Corporation and Gold Fields Limited, where his responsibilities include design and implementation of compensation programs.

Role of the Chief Executive Officer

The Chief Executive Officer annually has completed a review of the other NEOs' performance in accordance with evaluation criteria listed below in the "Annual Performance-Based Cash Incentives" section. Based on the foregoing evaluation, as well as other criteria, the CEO has made a recommendation to the Compensation Committee on bonuses, salaries, perquisites, stock option grants and other equity based awards for each NEO, which was taken into consideration by the Compensation Committee in completing its review and ultimate recommendations to the Luna Board.

Role of Compensation Consultants

The Compensation Committee has engaged independent consultants on an as-needed basis and, with input from management, agrees on the specific work to be undertaken by the consultant for the Compensation Committee and the fees associated with such work.

For the 2012 year, the Compensation Committee used the services of Lane Caputo Compensation Inc. ("**Lane Caputo**") to develop the Compensation Report with respect to the Company's Director and Committee fee structure, the salaries and bonus targets for certain executives, and the grant of stock options and restricted share units to management, Directors and certain employees of the Company**.**

For the 2013 year, the Compensation Committee used the services of Frederick W. Cook and Co. ("**Frederick W. Cook**") to identify the appropriate Comparator Group (see discussion below) and to develop the Compensation Report with respect to the Company's Director and Committee fee structure and the salaries, bonus targets and stock option grants for executives and Directors of the Company. For the 2014 year, the Compensation Committee used the services of Frederick W. Cook to assist in determining 2014 salaries and stock option grants.

The Compensation Committee has not used the services of a compensation consultant to date in 2015.

Although Lane Caputo and Frederick W. Cook provided advice to the Compensation Committee, the final decisions of the Compensation Committee, and its recommendations to the Company's Luna Board of Directors, reflected factors and considerations in addition to the information and recommendations provided by these consultants.

Executive Compensation Related Fees

The respective fees paid to each consultant for their services were $40,225 (2012) to Lane Caputo, and $46,918 (2013) and $25,318 (2014) to Frederick W. Cook. No other services were provided by Lane Caputo or Frederick W. Cook to the Company during the financial years ended December 31, 2012, 2013 and 2014 or 2015 to date.

Elements of Executive Compensation

The compensation philosophy of the Company has been to provide a market-based blend of base salaries, bonuses, and equity incentive components principally in the form of stock options. The Company believes that annual performance-based bonuses and longer term equity incentives serve to further align the interests of management with the interests of the Company's shareholders.

The specific rationale and design of each of these elements are outlined in detail below:

Element of Compensation	**Summary and Purpose of Element**
Base Salary	Salaries form an essential element of the Company's compensation mix as they are the first base measure to compare and remain competitive relative to comparator groups. Base salaries are fixed and therefore not subject to uncertainty and are used as the base to determine other elements of compensation and benefits. The Compensation Committee has reviewed the salaries of NEOs at least annually as part of their overall

	competitive market assessment. The Compensation Committee has made annual salary adjustments by the end of the first quarter of each year for the 12 month period from January 1 to December 31 of the current year, or as otherwise required by market conditions.
Annual Performance-Based Cash Incentives	Annual performance-based cash incentives are a variable component of compensation designed to reward the Company's NEOs for achieving annual performance goals. The Compensation Committee has reviewed performance goal recommendations from management and then recommended the final performance goals for each year, which were typically adopted by the Luna Board during the first quarter of each year. At the end of each year, the Compensation Committee has performed an assessment of the Company and individual performance. Based on that assessment, the Compensation Committee has recommended to the Luna Board the amount of performance based compensation to be paid. The Luna Board typically has made awards by end of the first quarter of each year for the prior year.
Stock Options	The granting of stock options is a variable component of compensation intended to incentivize the Company's executive officers to accretively grow the Company and increase the value of the Luna Shares.
Restricted Share Unit Awards	The granting of restricted share unit awards ("**RSUs**") is a variable component of compensation that is also available to retain executive officers and key management and employees when deemed appropriate. These awards may vest over time or on achievement of defined performance milestones. The Compensation Committee may recommend the grant of RSUs when it considers them to be appropriate, although the Company has not elected to grant such awards on an annual basis as a part of the regular compensation program.
Other Compensation (Perquisites)	The Company's executive employee benefit program has included car allowances, housing allowances, travel, education costs, life, medical, dental and disability insurance, along with paid parking. Such benefits and perquisites are designed to be competitive overall with equivalent positions in comparable organizations.

Overview of How Compensation Program Fits with Compensation Goals

1. Attract, Retain and Inspire Key Talent – the compensation program has been designed to meet the goal of attracting, retaining and motivating key talent in a highly competitive mining environment through the following elements:

   - competitive cash compensation program, consisting of base salary and bonus, intended to be generally consistent with or superior to similar opportunities;

   - providing an opportunity to participate in the Company's growth through options.

   The Company also used (and may in the future use) RSUs in 2012 that vest over a specified period of time or on achievement of performance milestones as an additional means of retaining talent.

2. Alignment of Interest of Management with Interest of the Luna Shareholders – the compensation program was designed to meet the goal of aligning the interests of management with the interest of the Company's shareholders through the following elements:

   - the grant of stock options where, if the price of the Luna Shares increases over time, both executives and shareholders will benefit, and the grant of RSUs as a retention incentive; and

   - staged vesting on stock option and RSU awards, which gives management an interest in increasing the price of the Company's Luna Shares over time, rather than focusing on short-term increases.

Establishment of a Comparator Group

The Compensation Committee believes that an important element of compensation administration is benchmarking against similar companies. This helps to determine if the Company's compensation is competitive and reasonable. With the assistance of its compensation consultants, the Company developed a comparator group of publicly-traded mining companies that includes only producing gold mining companies within a comparable range of market capitalization and revenue to the Company. The following table summarizes the Comparator Group used for the purpose of determining the annual base salaries, bonus targets, and stock option grants to management in 2014:

Argonaut Gold Inc.	Atna Resources Ltd.
Brigus Gold Corp.	Crocodile Gold Corp.
Gold Resources Corp.	Kirkland Lake Gold Inc.
Lake Shore Gold Corp.	Petaquila Minerals Ltd.
Rio Alto Mining Ltd.	San Gold Corp.
SEMAFO	St. Andrews Goldfields Ltd.
Teranga Gold Corporation	Timmins Gold Corp.
Troy Resources Limited	Veris Gold Corp.

2014 NEO Compensation Program

For 2014, the Company's executive compensation program consisted of the following elements:

- base salary;
- annual performance-based cash incentives;
- medical and other benefits;
- stock options; and
- other compensation.

2014 NEO Compensation Strategy

The Compensation Committee's strategy to compensate the NEOs for 2014 was as follows:

Base salary - The Company targeted to achieve a base salary for each NEO at approximately the 50th percentile of comparable positions at the Comparator Group companies, subject to adjustment for factors such as level of experience in the job and relative degree of responsibility;

Performance bonus - The bonus scheme was designed to allow the NEOs to achieve an annual performance cash bonus for superior performance at up to the 75th percentile for comparable positions at the Comparator Group companies; and

Stock option grant - The Company targeted to achieve stock option grants at the 75th percentile of comparable positions at the Comparator Group companies in terms of percentage of the Company granted to management.

2014 Base Salary

In determining the 2014 base salary of an NEO, the Compensation Committee considered the recommendations made by the CEO and reviewed the remuneration paid to executives with similar titles, roles and responsibilities at the Comparator Group. In arriving at an overall assessment of base salary to be paid to a particular executive officer, the Compensation Committee also considered the individual's executive position, scope of responsibility, tenure, experience, country specific competition, current year performance and expected future contribution to the Company, as well as his or her past performance at the Company, the performance of the Company over the past year and an overall assessment of market, industry and economic conditions.

2014 Annual Performance-Based Cash Incentives

In determining the 2014 annual cash bonus of an NEO, the Directors, based on a recommendation of the Compensation Committee, first established the maximum amount that each NEO could earn (the "**Target Bonus**"). The Board decided that the Target Bonus for Messrs. Chater (appointed in March 2014), Mah and Lo would be 75% of base salary for 2014 and that the Target Bonus for Mr. Halpin would be 50% of base salary for 2014. The Board also decided that 75% of the Target Bonus would be based on the performance targets set out in the table below, with each performance target being weighted in terms of percentage of the 75% of the Target Bonus allocable to performance targets. The Board also decided to retain discretion to award up to 25% of the Target Bonus for achievements other than the performance targets set out in the table. The Board also retained the discretion to grant an additional bonus amount to recognize quality performance during the year with respect to issues and developments that may not have been anticipated at the time the performance targets were established. At the end of the year, the Compensation Committee evaluated the performance of Messrs. Chater and Lo, the NEOs in office at the end of 2014, against the performance targets:

% of Target Bonus Allocable to Performance Targets (75%)	Performance Target Description	2014 Results
Target #1 10%	Maintain Company LTIFR at zero	Achieved
Target #2 10%	Achieve low end target production guidance (85,000 oz)	Missed
Target #3 10%	Achieve mid target production guidance (90,000 oz)	Missed
Target #4 10%	Achieve high-end target production guidance (95,000 oz)	Missed
Target #5 20%	Achieve budgeted operating cash flow, after working capital and approved sustaining capital	Missed
Target #6 10%	Complete Phase 1 Expansion by December 31, 2014 (completion defined as full mechanical completion) at a total capital cost (including contingency) of not more than US$50 million	Missed
Target #7 10%	Receive operating permits from SEMA & DNPM for Phase 1 Expansion by December 31, 2014	Missed
Target #8 15%	Advancement of growth initiates (complete 7,500 metre brownfield and condemnation drill program, complete updated reserve and resource report released by Dec 31, complete Phase 2 expansion preliminary feasibility study released by Dec 31)	Missed
Target #9 5%	Individual improvement goal	Achieved

Based on the 2014 results, the Compensation Committee determined that 15% of the performance targets were achieved. The Luna Board accepted the Compensation Committee's recommendations and paid the following bonuses for 2014:

All amounts are in US dollars, unless otherwise noted, which have been converted from Canadian dollars at an exchange rate of $1.00 = $0.8620 in 2014			
NEO	**2014 Performance Target Achievements**	**Additional Bonus**	**Total Cash Bonus**
Geoff Chater[(1)]	30,879	51,465	82,344
Duane Lo[(2)]	32,956	54,928	87,884

(1) Mr. Chater's 2014 Target Bonus was 75% of his annual salary.
(2) Mr. Lo's 2014 Target Bonus was 75% of his annual salary.

Compensation Discussion and Analysis for 2015 financial year

Mr. Marc Leduc was appointed Chief Executive Officer of the Company effective January 30, 2015. Under his employment agreement, Mr. Leduc is being paid a base salary at an annual rate of US$300,000. In addition, he also is entitled to receive options for 1,000,000 shares of Luna Shares. Those options will be granted in May, 2015 when all blackout periods relating to trading in Luna Shares have expired, at a price per Luna Share equal to the five day volume weighted average trading price for the Luna's Shares on the TSX immediately preceding the date of grant. The options will have a term of five years from the date of grant and vest as to the first 200,000 shares 12 months from the date of grant, with the remainder vesting at the rate of 200,000 shares every six months thereafter. Mr. Leduc also is eligible for an annual bonus having a target value of 75% of his base salary. The amount of the bonus is to be determined by the Luna Board in its sole discretion based on criteria to be established by the Luna Board. Because of the uncertainty regarding the Company's financial and operating circumstances, the Luna Board decided to defer consideration of the criteria for any bonuses for 2015 until the issues associated with the Company's financial and operating circumstances are clarified.

Mr. Duane Lo continues to serve as the Chief Financial Officer of the Company at an annual base salary of $375,000 per annum. The Luna Board also has decided to defer consideration of any additional compensation for Mr. Lo for 2015, including any options and bonus, until the issues associated with the Company's financial and operating circumstances are clarified.

If the Luna Restructuring Transactions are approved, the Board of Directors will re-evaluate the Company's compensation program in light of the changed circumstances of the Company. That re-evaluation will include the establishment of a new Comparator Group of companies whose activities are more similar to those of the Company under its revised plan of operations.

Option-Based Awards

The Company's current stock option plan (the "**Luna Option Plan**") is designed to advance the interests of the Company by encouraging eligible participants, being Directors, employees, and consultants, (the "**Optionees"**) to have equity participation in the Company through the acquisition of Luna Shares.

The Luna Option Plan has been used to provide share purchase options which are awarded based on the recommendations of the Compensation Committee. In determining the number of options to be granted to employees and consultants, the Luna Board has taken into account the executive compensation philosophy and strategy for NEOs, number of options, if any, previously granted to employees and consultants (not including NEOs), and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX, and to closely align the interests of the Optionees with the interests of the Luna Shareholders. Grants to non-employee Directors have been determined pursuant to the Director Compensation Policy described below. The Luna Board determined the vesting provisions of all stock option grants.

Share-Based Awards

The Company established a cash based restricted share unit plan (the "**RSU Plan**") in June 2012. The RSU Plan was amended in 2014 to permit payment of RSUs by issuance of treasury shares, including in payment of previously outstanding

RSUs. The RSU Plan was designed to provide additional equity incentives that could be granted when needed as a special retention measure to ensure that the management team could be retained at a critical time in the Company's development.

The RSU Plan is administered by the Luna Board or by a committee thereof if such delegation is made by the Luna Board. Each RSU granted is credited by means of an entry on the books of the Company to a participant, representing the right to receive, on the vesting date of such RSU, (i) a cash payment equal to the then market price (i.e. the volume weighted average trading price of the Luna Shares on the TSX for the five trading days ending on the last trading date immediately preceding the date as of which the market price is determined) of a Luna Share in accordance with the RSU Plan, (ii) one Luna Share (subject to adjustments) purchased on the secondary market by an independent trustee appointed by the Company, or (iii) one Luna Share (subject to adjustments) issued from the Company's treasury, at the discretion of the Luna Board.

Effective July 1, 2012, the Luna Board granted 1,610,000 RSUs to officers and employees of the Company, including 800,000 RSUs issued to William John Blake (200,000), Duane Lo (150,000), George Peter Mah (150,000), Titus Haggan (150,000) and Mark Halpin (150,000), who were the NEOs at that time. Half of the RSUs were granted subject to vesting on the earlier of the date on which the Luna Board declared that the Company had achieved 31,000 ounces in gold production over any three months period or July 1, 2015, and the other half of such RSUs were granted with a vesting date of July 2, 2015. In connection with his termination of employment, Mr. Haggan received 63,887 of the RSUs that have been awarded to him. In connection with their terminations of employment, Messrs Blake, Mah and Halpin were vested in 114,704, 104,110 and 95,833 RSUs, respectively, which will be payable on July 1, 2015.

Other Compensation – Perquisites

Perquisites also may be paid to NEOs, and may include reimbursement of expenses for relocation of residences, car allowances, housing allowances, travel, and paid parking. Three of the Company's NEOs received perquisites during 2012-2014, which are included in the summary of compensation table.

Other Long-Term Incentive Plans

The Company does not have any other long-term incentive plans, including any executive retirement plans.

Compensation Risk Assessment and Governance

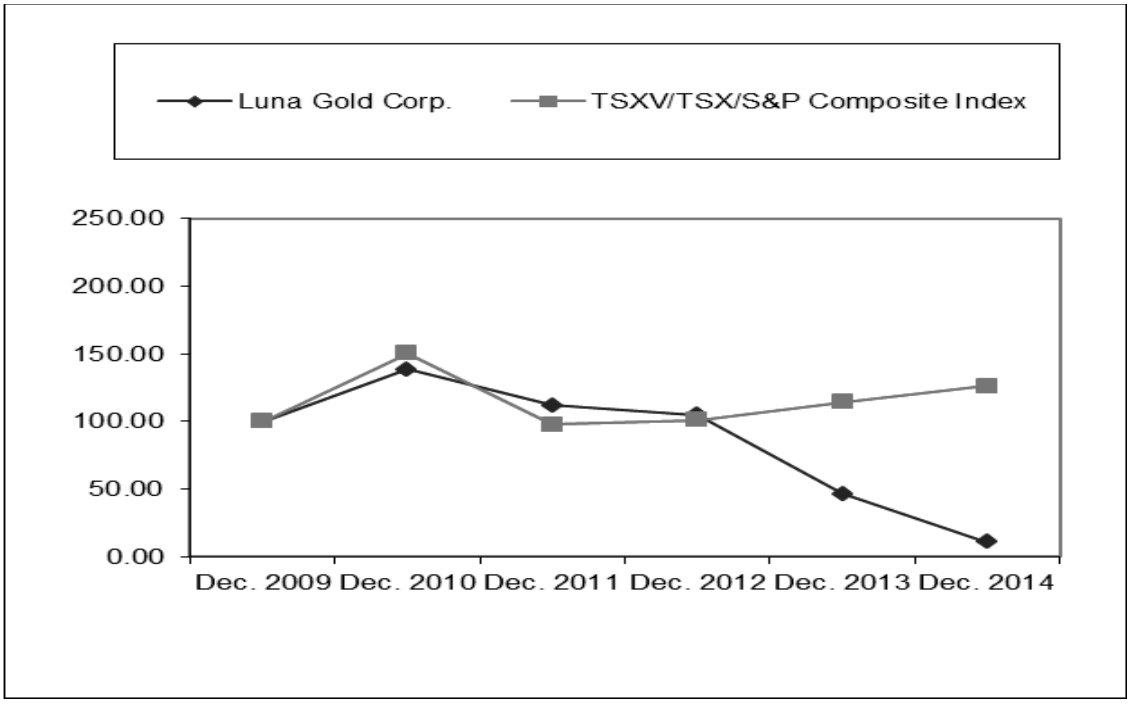
The Company believes that it has effective risk management and regulatory compliance relating to its compensation policies. The Compensation Committee assists the Luna Board in discharging its duties relating to compensation of the Directors and executive officers, together with the general responsibility for developing and reviewing the Company's approach to governance and related issues. The Compensation Committee reviews the overall executive compensation program on an annual basis and considers the implications of the risks associated with the Company's executive compensation policies, philosophy and practices. As discussed above, the Compensation Committee has followed an overall compensation model which ensures that an adequate portion of overall compensation for the NEOs is "at risk" and only realized through the performance of the Company over both the short-term and long-term. Short-term incentive structures (i.e. annual performance-based cash incentives) have been designed to include multiple elements so as to mitigate the risk of maximizing one component at the expense of another. The long-term component consists of stock option grants and may also include RSUs. To date, most stock option grants to officers and employees have had a three or five year term and have been subject to vesting over the three year period after grant, and have been priced at market-value at the time of grant. One half of the RSUs granted in 2012 vest at the later of milestone achievements directly linked to the success of the Company's expansion plans (not achieved) or July 1, 2015, and the other half vest on July 1, 2015, the third anniversary of the grant date. Therefore, the realization of value from the long-term incentive component of the executive compensation program is principally dependent upon employee retention and long-term appreciation in shareholder value. Accordingly, the Company believes that its compensation program has been appropriately structured, encouraged the right management behaviors, used a balanced scorecard to assess performance, and avoided excessive risk-taking or extreme payouts to its executives and employees.

No Hedging Policy

Pursuant to the Company's policies, directors and officers are not permitted to purchase financial instruments for the purpose of, or otherwise engage in, hedging or other price protective transactions with respect to options or other equity or equity related securities of the Company which are held, directly or indirectly, by the Director or officer.

Performance Graph

The following graph compares the five–year cumulative total shareholder return for $100 invested in Luna Shares on December 31, 2009 through December 31, 2014 against the cumulative total shareholder return of the TSX/TSXV Composite Index. The Luna Shares were listed on the TSX Venture until October 2012 when they were graduated to the TSX. The Compensation Committee does/does not consider the Company's performance against the TSX/TSXV Composite Index when reviewing the Company's compensation practices.



Summary Compensation Table

The following table is presented in accordance with National Instrument Form 51-102F6 ("Statement of Executive Compensation") and sets forth all annual and long-term compensation for services in all capacities to the Company for the financial years ended December 31, 2012 through to December 31, 2014, in respect of each of the following executive officers of the Company: (a) the then Chief Executive Officer ("**CEO**") of the Company; (b) the then COO of the Company ("**COO**"); (c) the Chief Financial Officer ("**CFO**") of the Company; and (d) the other two most highly compensated executive officers of the Company during the financial year ended December 31, 2014 whose individual total compensation for the most recently completed financial year exceeded $150,000. As Mr. Leduc, the Company's current CEO, was not employed by Luna until January 2015, his compensation is not included in the tables below, but aspects of his compensation are discussed elsewhere herein.

All amounts are in US dollars, unless otherwise noted, which have been converted from Canadian dollars at an exchange rate of $1.00 = US$0.8620 in 2014, $1.00 = US$0.9402 in 2013 and $1.00 = US$1.0051 in 2012									
NEO Name and Principal Position	**Year**	**Salary ($)**	**Share-Based Awards ($)** [6]	**Option-Based Awards ($)** [7]	**Non-Equity Incentive Plan Compensation ($)**		**Pension Value ($)**	**All Other Compensation ($)** [8]	**Total Compensation ($)**
					Annual Incentive Plans	**Long-term Incentive Plans**			
Geoff Chater[1] *Former President and CEO*	2014 2013 2012	302,860 - -	- - -	230,556 - -	82,344 - -	- - -	- - -	- - -	615,761 - -
William John Blake [2] *Former President and CEO*	2014 2013 2012	68,430 387,833 389,476	- - 422,142	- 284,942 249,807	- 218,126 201,020	- - -	- - -	553,794 - -	622,223 890,901 1,262,445
Duane Lo *Executive Vice President and CFO*	2014 2013 2012	271,458 228,390 238,963	- - 316,607	120,566 194,210 155,435	87,884 96,342 87,946	- - -	- - -	- - -	479,909 518,943 798,951
George Peter Mah [3] *Former Executive Vice President and COO*	2014 2013 2012	158,393 258,555 282,936	- - 316,607	120,566 171,241 155,435	- 107,935 101,314	- - -	- - -	323,250[3] - 81,234 [9]	602,209 537,731 937,526
Titus Haggan [4] *Former Vice President Exploration*	2014 2013 2012	- 180,703 242,782	- - 316,607	- 171,241 155,435	- 13,081 87,946	- - -	- - -	- 236,273 [10][11] 57,324 [11]	- 601,297 860,094
Mark Halpin [5] *Former Vice President Corporate Development*	2014 2013 2012	64,650 193,916 99,044	- - 316,607	46,534 164,040 108,412	- 61,583 37,817	- - -	- - -	145,463 - 10,036 [12]	256,647 419,539 571,916

(1) Mr. Chater was appointed Present and CEO of the Company in March 2014. Mr. Chater resigned from his position of President and CEO of the Company on January 29, 2015.

(2) Mr. Blake retired from the Company and Luna Board in March 2014 and was paid $642,452 as per the Blake Agreement (as defined below).

(3) Mr. Mah was appointed as COO on August 14, 2013. He and Mr. Lo were appointed Executive Vice Presidents in March 2014. Mr. Mah resigned from the Company in August 2014 and was paid $375,000 as per the Mah Agreement (as defined below).

(4) Mr. Haggan's employment with the Company was terminated on October 4, 2013.

(5) Mr. Halpin was appointed as Vice President Corporate Development on July 16, 2012. He resigned from the Company in May 2014 and was paid $168,750 as per the Halpin Agreement (as defined below).

(6) The 2012 share based awards (in the form of RSUs) dollar values are calculated using the closing share price on the TSX at the date of grant (July 2, 2012 – $2.10), multiplied by the number of share based awards granted.

(7) The 2013 option based award dollar values were calculated using the Black-Scholes model as the methodology to calculate the grant date fair value and relied on the following key assumptions and estimates for each calculation: expected dividend yield 0%; expected stock price volatility ranging between 43.2% and 53.8%; risk free interest rate ranging between 1.16% and 1.20%; and expected life of options ranging between 2 years and 3.6 years.

(8) This column includes incremental costs to the Company for perquisites provided to the NEOs.

(9) Perquisites include fees paid for relocation benefits (including temporary housing, moving allowance, house sales commissions and related taxes) and financial counseling/tax preparation services. Amount of perquisites over 25% of the total perquisite value include rent allowance of $45,681 in 2012 and US$32,468 in 2011.

(10) Included in Other Compensation for Mr. Haggan was a termination payment of US$199,322 as per the Haggan Agreement (as defined below).

(11) Perquisites include fees paid for a car, housing allowance and personal travel costs. Amount of perquisites over 25% of the total perquisite value include housing payments of US$30,039 in 2013 and US$33,424 in 2012.

(12) Perquisites include fees paid for relocation benefits (moving allowance and related taxes).

(13) These payments reflect annual performance-based cash incentives and are paid after the end of the relevant financial year.

Incentive Plan Awards

Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth information concerning all option-based awards and share-based awards outstanding at the end of the most recently completed financial year (December 31, 2014) to each of the NEOs. The Company also has a restricted share units program under which it granted RSUs in 2012.

All amounts are in US dollars, unless otherwise noted, which have been converted from Canadian dollars at an exchange rate of $1.00 = US$0.8620 in 2014, $1.00 = US$0.9402 in 2013 and $1.00 = US$1.0051 in 2012

	Option-Based Awards				Share-Based Awards		
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price [2] ($)**	**Option Expiration Date**	**Value of Unexercised In-The-Money Options [3] ($)**	**Number of Luna Shares Or Units Of Luna Shares That Have Not Vested (#)**	**Market or Payout Value Of Share-Based Awards That Have Not Vested [4] ($)**	**Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)**
Geoff Chater *Former President & CEO*	200,000 35,000 24,300 545,000	3.01 2.00 1.55 1.16	12 Apr 18 6 Jun 18 22 Aug 15 31 Mar 19	- - - -	-	-	-

All amounts are in US dollars, unless otherwise noted, which have been converted from Canadian dollars at an exchange rate of $1.00 = US$0.8620 in 2014, $1.00 = US$0.9402 in 2013 and $1.00 = US$1.0051 in 2012

	Option-Based Awards				Share-Based Awards		
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price [2] ($)**	**Option Expiration Date**	**Value of Unexercised In-The-Money Options [3] ($)**	**Number of Luna Shares Or Units Of Luna Shares That Have Not Vested (#)**	**Market or Payout Value Of Share-Based Awards That Have Not Vested [4] ($)**	**Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)**
William John Blake *Former President & CEO*	1,000,000 200,000 225,000 208,000 243,000	2.90 3.25 3.20 3.01 1.55	24 Sep 15 12 Apr 16 05 Mar 17 12 Apr 18 22 Aug 15	- - - - -	114,704[1]	33,617[1]	-
Duane Lo *Executive Vice President and CFO*	200,000 140,000 126,000 143,000 285,000	3.25 3.20 3.01 1.55 1.16	12 Apr 16 05 Mar 17 12 Apr 18 22 Aug 15 31 Mar 19	- - - - -	150,000	204,494	-
George Peter Mah *Executive Vice Former President and COO*	-	-	-	-	104,110[5]	30,513[5]	-
Titus Haggan *Former Vice President Exploration*	120,000 56,000 143,100	3.25 3.20 1.55	12 Apr 16 05 Mar 17 22 Aug 15	- - -	-[6]	-[6]	-
Mark Halpin *Former Vice President Corporate Development*	-	-	-	-	95,833[6]	28,087[6]	-

(1) In connection with Mr. Blake's retirement, 114,704 RSUs held by him vested in 2014 and will be paid out on July 1, 2015. The remaining balance of the RSUs was cancelled.

(2) The exercise price per Luna Share of stock options is set in Canadian dollars because that is the currency in which the Luna Shares trade on the TSX.

(3) Calculated using the closing price of the Luna Shares on the TSX on December 31, 2014 of $0.34 and subtracting the exercise price of the in-the-money stock options. These stock options have not been and may never be exercised and actual gains, if any, on exercise will depend on the value of the Luna Shares on the date of exercise.

(4) Calculated using the closing price of the Luna Shares on the TSX on December 31, 2014 of $0.34. The share based units have not vested and vesting is dependent upon the person continuing to be an employee on the vesting date. The actual amount of payout will depend on the value of the Luna Shares on the date of vesting.

(5) In connection with Mr. Mah's termination from the Company, 104,110 RSUs held by him vested in 2014 and will be paid out on July 1, 2015. The remaining balance of the RSUs was cancelled.

(6) In connection with Mr. Haggan's termination from the Company, a partial amount of his RSUs were vested and paid in 2013 in the amount of $97,800. All other unvested RSUs were cancelled.

(7) In connection with Mr. Halpin's termination from the Company, 95,833 RSUs held by him vested in 2014 and will be paid out on July 1, 2015. The remaining balance of the RSUs was cancelled.

Incentive Plan Awards - Value Vested or Earned During the Year

The value vested or earned during the most recently completed financial year (December 31, 2014) of incentive plan awards granted to NEO are as follows:

All amounts are in US dollars, unless otherwise noted, which have been converted from Canadian dollars at an exchange rate of $1.00 = US$0.8620			
NEO Name	**Option-Based Awards - Value Vested During The Year [(1)] ($)**	**Share-Based Awards - Value Vested During The Year**	**Non-Equity Incentive Plan Compensation - Value Earned During The Year**
Geoff Chater *Former President and CEO*	-	-	N/A
William John Blake *Former President and CEO*	-	114,704 RSUs vested in 2014 to be paid out in 2015	N/A
Duane Lo *Executive Vice President and CFO*	-	-	N/A
George Peter Mah *Former Executive Vice President and COO*	-	104,110 RSUs vested in 2014 to be paid out in 2015	N/A
Titus Haggan *Former Vice President Exploration*	-	-	N/A
Mark Halpin *Former Vice President Corporate Development*	-	95,833 RSUs vested in 2014 to be paid out in 2015	N/A

(1) This amount is the dollar value that would have been realized if the options held by such individual had been exercised on the vesting date, computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.

Pension Plan Benefits

The Company does not have a pension plan or defined contribution plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

Employment Agreements - Termination and Change of Control Benefits

The Company and its subsidiaries have no contract, agreement, plan or arrangement that provides for payments to a NEO following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or its subsidiaries or a change in responsibilities of the NEO following a change in control, except as follows:

Agreement with Marc Leduc – President and CEO

The Company entered into an employment agreement dated January 30, 2015 with Marc Leduc pursuant to which it engaged Mr. Leduc as its President and Chief Executive Officer, with a base salary of US$300,000 and agreement to pay the costs of his United States medical insurance. In addition, he also is entitled to receive options for 1,000,000 shares of Luna Shares.

Those options will be granted in May 2015 when all blackout periods relating to trading in Luna Shares have expired, at a price per Share equal to the five day volume weighted average trading price for the Luna Shares on the TSX immediately preceding the date of grant. The options will have a term of five years from the date of grant and vest as to the first 200,000 Luna Shares 12 months from the date of grant, with the remainder vesting at the rate of 200,000 Luna Shares every six months thereafter. Mr. Leduc also is eligible for an annual bonus having a target value of 75% of his base salary. The amount of the bonus is to be determined by the Luna Board in its sole discretion based on criteria to be established by the Luna Board. Because of the uncertainty regarding the Company's financial and operating circumstances, the Luna Board decided to defer consideration of the criteria for any bonuses for 2015 until the issues associated with the Company's financial and operating circumstances are clarified.

The Leduc Agreement also provides for termination benefits described below.

Agreement with William John Blake – President and CEO (Retired on March 20, 2014)

The Company entered into an employment agreement dated September 24, 2010 with Mr. Blake (the "**Blake Agreement**") pursuant to which it engaged Mr. Blake as its President and CEO.

Mr. Blake retired from his position of President and CEO of the Company on March 20, 2014. As a result of his retirement, the Company and Mr. Blake agreed on the following terms of his retirement:

- Mr. Blake was paid a retirement amount of US$417,452;
- Mr. Blake remains a consultant to the Company and his vested and unvested stock options will continue in accordance with their terms and expire at the dates of their original expiry, unless his consultancy with the Company terminates earlier, in which case his vested options will expire 90 days following such termination and all unvested options will expire immediately in accordance with the terms of Company's stock option plans;
- 114,704 RSUs held by Mr. Blake vested in 2014. The remainder of his RSUs expired as of March 20, 2014 in accordance with the terms of the RSU Plan. His vested RSUs continue to have an entitlement date of July 1, 2015 and they will be paid out at that time in cash or in Luna Shares, at the election of the Company; and
- Mr. Blake is receiving an additional retirement payment US$225,000 in 2015 to be paid bi-monthly in instalments, commencing on January 1, 2015. Upon the occurrence of a Change of Control (as such term is defined under the Blake Agreement) all unpaid portions of this payment shall immediately become payable.

Agreement with Geoff Chater – President and CEO (Effective March 20, 2014)

The Company entered into an employment agreement dated March 20, 2014 with Geoff Chater pursuant to which it engaged Mr. Chater as its President and Chief Executive Officer. Mr. Chater's base salary was at an annual rate of $450,000. He was also eligible for stock options and a target bonus of up to 75% of his base salary paid in 2014 such bonus to be determined by the Luna Board and based on criteria established by the Luna Board.

Mr. Chater resigned from his position of President and CEO of the Company effective on January 29, 2015. Compensation paid to Mr. Chater for 2014 is described herein.

Agreement with George Peter Mah – Executive Vice President and Chief Operating Officer

The Company entered into an employment agreement dated March 14, 2011 with George Peter Mah (the "**Mah Agreement**") pursuant to which it engaged Mr. Mah as its Vice President Operations. Effective January 1, 2014, Mr. Mah's base salary was increased to $375,000 per annum. In addition, Mr. Mah was eligible for a Target Bonus for 2014 of up to 75% of his base salary, such bonus to be determined by the Luna Board and based on criteria established by the Luna Board.

In addition to the terms of the Mah Agreement, Mr. Mah was provided with a relocation allowance which consisted of relocation costs, termination fees of existing contracts and 12 months' rent to establish his family in his new location.

Mr. Mah was appointed to the position of COO on August 14, 2013 and subsequently appointed to the position of Executive Vice President and COO of the Company on March 20, 2014.

Mr. Mah ceased to be an employee of the Company and the Mah Agreement was terminated on August 5, 2014. Mr. Mah received a severance payment of $375,000 and has been retained as a consultant of the Company. His vested stock options expired on November 6, 2014, however he was entitled to retain 104,110 of his RSUs that are payable on July 1, 2015.

Agreement with Duane Lo – Executive Vice President and CFO

The Company entered into an employment agreement dated July 29, 2009 with Duane Lo pursuant to which it engaged Mr. Lo as its Chief Financial Officer. Effective January 1, 2014, Mr. Lo's base salary was increased to $325,000 per annum and effective August 1, 2014, Mr. Lo's base salary was increased to $375,000 per annum. Mr. Lo is entitled to be considered for options and also is eligible to be considered for an annual bonus.

Mr. Lo was appointed to the position of Executive Vice President and CFO of the Company on March 20, 2014.

Agreement with Titus Haggan – Vice President Exploration

The Company entered into an employment agreement dated January 1, 2011 with Titus Haggan (the "**Haggan Agreement**") pursuant to which it engaged Mr. Haggan as its Vice President Exploration. Included in the terms of the Haggan Agreement, Mr. Haggan received housing, transport and travel allowances due to the location of his position in Brazil.

Mr. Haggan ceased to be an employee of the Company and the Haggan Agreement was terminated on October 4, 2013. Mr. Haggan received a termination payment equal to 12 months base salary US$199,322. In addition to the termination payment, Mr. Haggan received a payment of US$97,800, which was equivalent to the value of a prorated portion of his RSUs at the time of termination. He also received US$13,081 as a partial payout of 2013 bonus. Mr. Haggan has been retained as a consultant to the Company, and his vested and unvested stock options will continue in accordance with their terms and expire at the dates of their original expiry, unless his consultancy with the Company terminates earlier, in which case his vested options will expire 90 days following such termination and all unvested options will expire immediately in accordance with the terms of Company's stock option plans.

Agreement with Mark Halpin – Vice President Corporate Development

The Company entered into an employment agreement dated June 18, 2012 with Mark Halpin pursuant to which it engaged Mr. Halpin as its Vice President Corporate Development. Effective January 1, 2014, Mr. Halpin's base salary was set at $225,000 per annum.

Included to the terms of the agreement, Mr. Halpin was provided with a relocation allowance which consisted of relocation costs and to establish his residence in his new location.

Mr. Halpin resigned from the position of VP, Corporate Development on May 26, 2014. He received a severance payment of $168,750. Mr. Halpin and the Company entered into a consulting agreement which terminates on July 31, 2015. His vested stock options expired on August 27, 2014. Out of the total 150,000 RSUs granted to Mr. Halpin, he retained 95,833. of his RSUs that are payable on July 1, 2015.

Termination Benefits

Upon termination of the employment of Mr. Leduc by the Company without cause, Mr. Leduc will receive one year's base salary if termination occurs within the first anniversary and one and a half year's salary if termination occurs at any time thereafter. Upon termination of the employment of Mr. Lo by the Company without cause, Mr. Lo will receive twelve months base salary.

If, within 12 months following a Change of Control, Messrs. Leduc or Lo's employment is terminated by the Company without cause, or if any of them resigns within 30 days after certain adverse changes in compensation or employment conditions, he will receive an amount equal to 24 months base salary in lieu of the severance indicated above. If a Change of Control occurs, whether each NEO is terminated or retained, all shares subject to each outstanding stock option held by him will vest, whereupon such stock options may be exercised in whole or in part, subject to the approval of the applicable regulatory authorities, if necessary. In addition, if within 12 months following a change of control (as defined in the RSU Plan) the NEO is terminated without cause or resigns after certain adverse changes in compensation or employment conditions, all RSUs held by such NEO will vest and become immediately payable.

Change of Control

For purposes of the employment agreements of Messrs. Leduc and Lo, "*Change of Control*" is defined as:

a) the acquisition by any person or by any Joint Actors (meaning a person "acting jointly or in concert" with another person as that phrase is interpreted in Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*), whether directly or indirectly, of voting securities (as defined in the *Securities Act*) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such Joint Actors, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Luna Board; or

b) the removal, by extraordinary resolution of the shareholders of the Company, of more than 51% of the then incumbent Luna Board, or the election of a majority of Luna Board members to the Luna Board who were not nominees of the incumbent Luna Board at the time immediately preceding such election; or

c) consummation of a sale of all or substantially all of the assets of the Company; or

d) the consummation of a reorganization, plan of arrangement, merger or other transaction which has substantially the same effect as (a) to (c) above.

Estimated Incremental Payment on Termination and Change of Control

The estimated incremental payment to each NEO on termination and change of control assuming termination as of December 31, 2014 would have been as follows:

All amounts are in US dollars, unless otherwise noted, which have been converted from Canadian dollars at an exchange rate of $1.00 = US$0.8620 in 2014, $1.00 = US$0.9402 in 2013 and $1.00 = US$1.0051 in 2012		
NEO Name	**Termination Payments Without Cause ($)**	**Change of Control ($)**
Geoff Chater[(1)] *Former President and CEO*	387,900	775,800
Duane Lo *Executive Vice President and CFO*	323,250	646,500

(1) Mr. Chater resigned from the Company and Luna Board in January 2015.

Director Compensation

The following table sets forth all amounts of compensation provided to the Directors who were not also NEOs, for the Company's most recently completed financial year (December 31, 2014):

All amounts are in US dollars, unless otherwise noted, which have been converted from Canadian dollars at an exchange rate of $1.00 = US$0.8620 in 2014, $1.00 = US$0.9402 in 2013 and $1.00 = US$1.0051 in 2012							
Director Name	**Fees Earned ($)**	**Share-Based Awards ($)**	**Option-Based Awards [3] ($)**	**Non-Equity Incentive Plan Compensation ($)**	**Pension Value ($)**	**All Other Compensation ($)**	**Total ($)**
Keith Hulley[1]	23,302	-	-	-	-	-	23,302
Luis J. Baertl	47,348	-	18,267	-	-	-	65,615
Steven Krause	52,139	-	18,267	-	-	-	70,406
Harry Wayne Kirk	38,308	-	18,267	-	-	-	56,575
William Lindqvist	38,700	-	18,267	-	-	-	56,967
Geoff Chater [2]	6,724	-	-	-	-	-	6,724
Federico Schwalb [4]	26,468	-	18,267	-	-	-	62,194
David Awram[5]	-	-	-	-	-	-	-

(1) Mr. Hulley did not stand for re-election and ceased to be a Director of the Company on June 12, 2014.

(2) Mr. Chater was appointed as President and CEO of the Company on March 20, 2014.

(3) The 2013 option based award dollar values were calculated using the Black-Scholes model as the methodology to calculate the grant date fair value and relied on the following key assumptions and estimates for each calculation: expected dividend yield 0%; expected stock price volatility ranging between 43.2% and 53.8%; risk free interest rate ranging between 1.16% and 1.20%; and expected life of options ranging between 2 years and 3.6 years.

(4) Mr. Schwalb was appointed to the Luna Board on April 28, 2014.

(5) Mr. Awram was appointed to the Luna Board on August 8, 2014. Mr. Awram has declined to accept director compensation as he was designated as a director by Sandstorm, pursuant to an agreement giving Sandstorm the right to designate a director.

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company or its subsidiaries for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Circular except as follows:

For the fiscal year beginning January 1, 2014, the Company had a Director and Committee fee structure to be paid quarterly and only paid to the non-executive Directors of the Company and to the Committee members and their respective Chairs, as follows:

All amounts are in US dollars, unless otherwise noted, which have been converted from Canadian dollars at an exchange rate of $1.00 = US$0.8620 in 2014, $1.00 = US$0.9402 in 2013 and $1.00 = US$1.0051 in 2012	
Director Position and Committee	**Annual Retainer ($)**
Chairman of the Luna Board of Directors	64,650
Each Non-Executive Director	38,790
Chairman of the Audit Committee	8,620
Chairman of the Compensation and Corporate Governance Committee	6,465

All amounts are in US dollars, unless otherwise noted, which have been converted from Canadian dollars at an exchange rate of $1.00 = US$0.8620 in 2014, $1.00 = US$0.9402 in 2013 and $1.00 = US$1.0051 in 2012	
Director Position and Committee	**Annual Retainer ($)**
Chairman of the Luna Board of Directors	64,650
Each Non-Executive Director	38,790
Chairmen of other Committees	4,310

In addition to the annual retainers, non-executive directors who traveled away from their home base for more than three consecutive days to attend meetings or otherwise attend to Company business were paid, in addition to compensation otherwise payable, $1,000 for each day away from home in excess of three consecutive days, provided that for mine visits the additional compensation was payable for all days away from home, including travel days.

In addition, effective as of the 2013 annual general meeting, the Luna Board adopted a policy of making an initial inducement grant of options for 35,000 shares to newly appointed or elected non-executive Directors and of making an annual grants of options for 35,000 shares to all non-executive Directors at the time of the annual general meeting of Shareholders. Non-executive Directors who were newly appointed other than at the annual general meeting were to receive an inducement grant of options for 35,000 shares and a proportionate grant of options for the period until the next annual general meeting (i.e., 35,000, divided by 12, and multiplied by the number of months until the next annual general meeting). In 2014 the Luna Board increased the inducement option and annual option grant to non-executive Directors to 40,000 options.

In October 2014, the Board established a Special Committee of Directors to consider alternatives for the Company. The Chairman of that Committee received $20,000, and the other members received $10,000 for their service. These amounts were paid in the first quarter of 2015.

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

The following table sets forth information concerning all option-based awards outstanding at the end of the most recently completed financial year (December 31, 2014), to each Director who is not also an NEO. Although the RSU Plan would permit the grant of RSUs to non-executive Directors, no RSUs have been granted to non-executive Directors and the Luna Board has no current plan or expectation to grant RSUs to non-executive Directors.

All amounts are in US dollars, unless otherwise noted, which have been converted from Canadian dollars at an exchange rate of $1.00 = US$0.8620 in 2014, $1.00 = US$0.9402 in 2013 and $1.00 = US$1.0051 in 2012							
	Option-Based Awards				**Share-Based Awards**		
Director Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)[2]**	**Option Expiration Date**	**Value of Unexercised In-The-Money Options[3]**	**Number of Luna Shares Or Units Of Luna 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 ($)**
Keith Hulley[1]	200,000 35,000 40,500	3.20 2.00 1.55	05 Mar 17 6 Jun 18 22 Aug 15	- - -	N/A	N/A	N/A
Luis J. Baertl	50,000 35,000 29,700 40,000	3.20 2.00 1.55 1.09	05 Mar 17 6 Jun 18 22 Aug 15 18 Jun 19	- - -	N/A	N/A	N/A
Steven Krause	100,000 60,000 35,000 29,700 40,000	3.25 3.20 2.00 1.55 1.09	12 Apr 16 05 Mar 17 6 Jun 18 22 Aug 15 18 June 19	- - - - -	N/A	N/A	N/A
Harry Wayne Kirk	185,000 35,000 28,350 40,000	2.10 2.00 1.55 1.09	22 Jun 17 6 Jun 18 22 Aug 15 18 Jun 19	- - -	N/A	N/A	N/A
William Lindqvist	200,000 35,000 27,000 40,000	2.75 2.00 1.55 1.09	13 Sep 17 6 Jun 18 22 Aug 15 18 Jun 19	- - -	N/A	N/A	N/A
Geoff Chater [4]	200,000 35,000 24,300	3.01 2.00 1.55	12 Apr 18 6 Jun 18 22 Aug 15	- - -	N/A	N/A	N/A
David Awram[5]	Nil	N/A	N/A	-	N/A	N/A	N/A

(1) Mr. Hulley did not stand for re-election in 2014 and his term as a Director of the Company terminated on June 12, 2014. However, he continues as a consultant to the Company and his options continue to be outstanding and to vest on their original vesting schedule.

(2) The exercise price per Luna Share of stock options is set in Canadian dollars because that is the currency in which the Luna Shares trade on the TSX.

(3) Calculated using the closing price of the Company's Luna Shares on the TSX on December 31, 2014 of $0.34 and subtracting the exercise price of the in-the-money stock options. Actual gains, if any, on exercise of options will depend on the value of the Company's Luna Shares on the date of exercise.

(4) Mr. Chater was appointed to the Luna Board in February 2013 and subsequently appointed to President and CEO of the Company on March 20, 2014. He resigned as a director and officer of the Company on January 29, 2015.

(5) Mr. Awram was appointed to the Luna Board on August 8, 2014. Mr. Awram has declined to accept director compensation as he was designated as a director by Sandstorm, pursuant to an agreement giving Sandstorm the right to designate a director.

Incentive Plan Awards - Value Vested or Earned During the Year

The value vested or earned during the most recently completed financial year (December 31, 2014) of incentive plan awards granted to Directors who are not NEOs are as follows:

All amounts are in US dollars, unless otherwise noted, which have been converted from Canadian dollars at an exchange rate of $1.00 = US$0.8620 in 2014, $1.00 = US$0.9402 in 2013 and $1.00 = US$1.0051 in 2012			
Director Name	**Option-Based Awards - Value Vested During The Year [(1)] ($)**	**Share-Based Awards - Value Vested During The Year**	**Non-Equity Incentive Plan Compensation - Value Earned During The Year**
Keith Hulley	-	N/A	N/A
Luis J. Baertl	-	N/A	N/A
Steven Krause	-	N/A	N/A
Harry Wayne Kirk	-	N/A	N/A
William Lindqvist	-	N/A	N/A
Geoff Chater [(2)]	-	N/A	N/A
David Awram[(3)]	-	N/A	N/A

(1) This amount is the dollar value that would have been realized if the Luna Options had been exercised on the vesting date(s), computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the Luna Options under the option-based award on the vesting date.

(2) Mr. Chater was appointed to the Luna Board in February 2013, and was appointed President and CEO of the Company on March 20, 2014.

(3) Mr. Awram was appointed to the Luna Board on August 8, 2014. Mr. Awram has declined to accept director compensation as he was designated as a director by Sandstorm, pursuant to an agreement giving Sandstorm the right to designate a director.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year (December 31, 2014).

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights [(1)] (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)) [(2)] (c)**
Equity compensation plans approved by security holders	21,221,785	$2.29	10,677,985
Equity compensation plans not	N/A	N/A	N/A

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights [1] (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)) [2] (c)
approved by security holders			
Total	21,221,785	$2.29	10,677,985

(1) Represents the number of Luna Shares available for issuance upon exercise of outstanding Luna Options as at December 31, 2014.

(2) Represents the number of shares remaining available for future issuance under stock options available for grant as of December 31, 2014 under the Company's current Rolling 15% Luna Option Plan. The maximum number of Luna Shares which may be issued pursuant to options granted under the Stock Option Plan is a maximum of 15% of the issued and outstanding Luna Shares at the time of grant.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND OTHERS

No Director, executive officer, employee or former Director, executive officer or employee or any of their respective associates or affiliates or any proposed nominee for election as a Director of the Company is or has been, at any time since the beginning of the last completed financial year, indebted to the Company or any of its subsidiaries, nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Company or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than the election of Directors and as otherwise described herein, no person who has been a Director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a Director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Luna Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person (as defined in National Instrument 51-102 - *Continuous Disclosure*) or proposed Director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

The Company entered into an Independent Contractor Agreement with Martin Kostuik (the "**Kostuik Agreement**"), dated February 1, 2015. Pursuant to the Kostuik Agreement, Mr. Kostuik agreed to provide services to the Company, in connection with the Aurizona Gold Mine and related properties and the preparation of an expansion case Preliminary Economic Assessment related thereto, as well as other duties requested by the Company. The Company agreed to pay to Mr. Kostuik a rate of US$150/hour or while traveling away from his home office a daily rate of US$1200 per day.

The Company entered into an Independent Contractor Agreement with Carol Fries (the "**Fries Agreement**"), dated January 31, 2015. Pursuant to the Fries Agreement, Mrs. Fries agreed to provide services to the Company, in connection with the Aurizona Gold Mine and the preparation of an expansion case Preliminary Economic Assessment related thereto, as well as other duties requested by the Company. The Company agreed to pay to Mrs. Fries a rate of US$150/hour or while traveling away from her home office a daily rate of US$1200 per day.

The Company entered into a letter agreement with GROW Resources (the "**GROW Agreement**"), dated February 10, 2015. Pursuant to the GROW Agreement, GROW Resources agrees to provide investor relations services to the Company. The Company agrees to pay GROW Resources a monthly retainer of US$4,000.

CORPORATE GOVERNANCE DISCLOSURE

Corporate governance relates to the activities of the Luna Board, the members of which are elected by and are accountable to the Luna Shareholders, and takes into account the role of the individual members of management who are appointed by the Luna Board and who are charged with the day to day management of the Company. The Luna Board is committed to sound corporate governance practices which are both in the interest of its Luna Shareholders and contribute to effective and efficient decision making.

National Policy 58-201 *Corporate Governance Guidelines* ("**NP 58-201**") establishes corporate governance guidelines which apply to all public companies. The guidelines deal with such matters as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance practices. The Company has reviewed its own corporate governance practices in light of these guidelines. In order to enhance its corporate governance practices and comply with NP 58-201, the Luna Board has adopted a set of Corporate Governance Guidelines and up-dated its Committee charters and Company policies with the view to assisting the Luna Board in the exercise of its responsibilities. The Company's governance practices comply with or exceed the NP 58-201 guidelines in many respects, however, the Luna Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices, which disclosure is set out below. The Company's Corporate Governance Guidelines and other governance materials are available for review on its website at www.lunagold.com.

ROLE AND RESPONSIBILITIES OF THE LUNA BOARD

As outlined in the Corporate Governance Guidelines, the principal responsibility of our Directors is to oversee the management of the Company. This role requires that the Directors attend to the following:

- review, give guidance, and approve on a regular basis, and as the need arises, fundamental operating, financial, and other strategic corporate plans;
- review and evaluate the performance of the Company;
- evaluate the performance of the CEO, review the performance of senior management, oversee the progress and development of senior management and review and approve senior management action, such as promotion, change in responsibility and termination;
- review and approve senior management and Director succession plans;
- review and approve the Company's compensation programs;
- establish a corporate environment and adopt key corporate policies that promote timely and effective disclosure (including appropriate controls), fiscal accountability, high ethical standards, and compliance with applicable laws and industry and community standards, thereby setting a "tone at the top";
- oversee the Company's internal controls and disclosure controls and procedures, and its auditing and financial reporting functions;
- review management's reporting on the risks faced by the Company and the management of such risks;
- review and approve corporate social responsibility policies for the communities in which we operate; and
- review and decide upon material transactions and commitments recommended by management.

Independence of the Luna Board

As of the date of this Circular, the Luna Board consists of seven Directors, four of whom are considered by the Luna Board to be independent based upon the tests for independence set forth in NP 58-201 and the rules of the TSX that have been adopted by the Company. Steven Krause, Harry Wayne Kirk, William Lindqvist and Federico Schwalb are each independent. Mr. Leduc is not considered to be independent as he is the President and CEO of the Company. Mr. Awram is not considered to be independent as he is the board designee and an officer of Sandstorm Gold Ltd., which owns more than

19% of the outstanding Luna Shares. Mr. Baertl is not considered to be independent as he owns in excess of 10% of the outstanding Luna Shares.

As outlined in the Corporate Governance Guidelines, the Luna Board selects a Chairman of the Luna Board in a manner and upon the criteria that the Luna Board deems appropriate at the time of selection. The Luna Board believes the offices of Chairman of the Luna Board and CEO should not be held by the same persons. The current Chairman of the Luna Board, Mr. Steven Krause, is fully independent.

Luna Board Size and Management Supervision of the Luna Board

The Luna Board has determined that six to eight directors is appropriate for the Company's current stage of development. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and having strong independent Luna Board members. The Corporate Governance Guidelines provide that the independent Directors will meet in an in-camera session following each Luna Board meeting and independent Directors are also able to meet at any time without any members of management and non-independent Directors being present. Further supervision is performed through the Audit Committee, the Compensation & Corporate Governance Committee, the Corporate Responsibility Committee, the Finance Committee and the Technical Committee.

In addition to the regular committees described above, in October 2014, the Board established a Special Committee of Directors to consider strategic alternatives for the Company.

On closing of the Luna Restructuring Transactions, and subject at all times to independency requirements of applicable securities laws, to obligations owed to Sandstorm in respect of Sandstorm's Luna Board rights, and to regulatory approval, the Investment Agreement with Pacific Road requires that the Luna Board consist of not more than seven directors. See "*Luna Restructuring Transactions – The Investment Agreement*".

Meetings of the Luna Board and Committees of the Luna Board

The Luna Board meets a minimum of four times per year, including every quarter and following the annual general meeting of Luna Shareholders. Typically, the Audit Committee meets four times per year, while the Compensation & Corporate Governance Committee meets at least two times each year. Each of the Corporate Responsibility Committee, the Finance Committee and the Technical Committee meets as required. A committee may meet more frequently as deemed necessary by that Committee. The frequency of the meetings and the nature of the meeting agendas depend on the nature of the business and affairs which the Company faces from time to time.

During the financial year ended December 31, 2014 the Luna Board met seventeen times, the Audit Committee met four times, the Compensation & Corporate Governance Committee met five times, the Technical Committee met six times, the Corporate Responsibility Committee met two times and the Special Committee met five times. The following table provides details regarding Directors' attendance at Luna Board and Committee meetings held during the year ended December 31, 2014:

Director [(1)]	Luna Board Meetings	Audit Committee	Compensation & Corporate Governance Committee	Corporate Responsibility Committee	Technical Committee	Special Committee
Keith Hulley[(2)]	5/5	-	-	2/2	-	-
John Blake[(3)]	2/3	-	-	-	1/1	-
Steven Krause	17/17	4/4	5/5	-	-	5/5
Luis Baertl	15/17	-	-	2/2	6/6	1/1
Harry Wayne Kirk	17/17	4/4	5/5	-	-	5/5
William Lindqvist [(5)]	16/17	3/3	-	2/2	6/6	5/5
Geoff Chater[(3) (4)]	17/17	1/1	2/2	-	3/3	-

Federico Schwalb[6]	12/13	-	2/2	-	4/5	5/5
David Awram[7]	8/8	-	-	-	2/2	-

(1) The above table sets out the attendance record of all Directors during 2014. In circumstances when the person became a Director or ceased to be a Director during the year, or a Director joined a Committee or ceased to be a member of a Committee during the year, the attendance record is determined only with respect to the number of meetings held during his or her tenure. In addition, the tables only show attendance at Committee meetings for which a Director is a Committee member, however, Directors may and do attend meetings of Committees of which they are not a member.

(2) Mr. Hulley ceased to be a Director as of June 12, 2014.

(3) Mr. Blake resigned from the positions of President and CEO and from the Luna Board on March 20, 2014 and subsequently, Mr. Chater was appointed President and CEO of the Company on March 20, 2014.

(4) Mr. Chater was a member of the Audit Committee and Compensation & Corporate Governance Committee until March 20, 2014.

(5) Mr. Lindqvist was appointed as a member of the Audit Committee on March 20, 2014.

(6) Mr. Schwalb was appointed to the Luna Board, the Compensation and Corporate Governance Committee, the Corporate Responsibility Committee and the Technical Committee on April 28, 2014.

(7) Mr. Awram was appointed to the Luna Board and to the Technical Committee and Corporate Responsibility Committee on August 8, 2014.

Participation of Directors in Other Reporting Issuers

The participation of the Directors in other reporting issuers is described in the table provided under "*Election of Directors*" in this Circular.

Position Descriptions

The Luna Board has not developed written position descriptions for the Chair of the Luna Board, the Chair of each Luna Board Committee or the CEO. Given the small size of the Company's infrastructure and the high level of experience of the Luna Board members and the CEO, the Luna Board does not feel that it is necessary at this time to formalize position descriptions. The roles of the Chairs and of the CEO are well understood by each individual and are based on customary practices for such positions.

Orientation and Continuing Education

The Company's senior management conduct orientation programs for new Directors after their appointment as Directors. The orientation programs include presentations by management to familiarize new Directors with the Company's properties and strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its code of business conduct and ethics, and its independent auditors and its outside legal advisors.

As outlined in the Corporate Governance Guidelines, the Company provides the Directors with opportunities to undertake continuing director education, the cost of which is to be borne by the Company. In addition, the Company periodically schedules site visits by directors to the Company's principal operating property.

Luna Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. Luna Board members have full access to the Company's records and personnel.

Ethical Business Conduct

The Luna Board views good corporate governance as an integral component to the success of the Company and to meet responsibilities to Luna Shareholders. The Luna Board has adopted a Code of Business Conduct and Ethics (the "**Code**") and related policies for its Directors, officer, employees and consultants and a copy of the Code and related policies may be accessed under the Company's profile at www.sedar.com or on the Company's website at www.lunagold.com.

The Luna Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with the Code and applicable policies, laws, rules and regulations; providing guidance to Directors, officers and employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business standards. The Luna Board intends that it will review compliance with the Code and related policies on at least an annual basis.

It is a requirement of applicable corporate law that Directors and officers who have an interest in a transaction or agreement with the Company promptly disclose that interest at any meeting of the Luna Board at which the transaction or agreement will be discussed and, in the case of Directors, abstain from discussions and voting in respect of the matter if the interest is material. These requirements are also contained in the Company's By-Laws, which are made available to Directors and officers of the Company.

The Company has also adopted a Whistleblower Policy which allows its Directors, officers and employees who believe that a violation of the Code and related policies may have occurred, or who have concerns regarding financial statement disclosure issues, accounting, internal accounting controls or auditing matters, to report such violation or concerns on a confidential and anonymous basis. Such reporting can be made by e-mail or telephone through The Network Inc., an independent reporting agency used by the Company for this purpose. Once received, complaints are forwarded to either the Chairman of the Audit Committee or the CFO, depending on the nature of the complaint. The Chairman of the Audit Committee or the CFO, as applicable, then investigates each matter so reported and takes corrective and disciplinary action, if appropriate.

Pursuant to the Company's policies, Directors and officers are not permitted to purchase financial instruments for the purpose of, or otherwise engage in, hedging or other price protective transactions with respect to Luna Options or other equity or equity related securities of the Company which are held, directly or indirectly, by the Director or officer.

Nomination of Directors

The Compensation & Corporate Governance Committee is responsible for (i) managing the identification of individuals qualified to become Luna Board members, consistent with criteria approved by the Luna Board, (ii) recommending to the Luna Board the persons to be nominated for election as directors at any meeting of Luna Shareholders and (iii) recommending persons to be elected by the Luna Board to fill any vacancies on the Luna Board.

The process of identifying new candidates generally involves this Committee determining the necessary skills required for the Luna Board and, when a vacancy occurs, identifying candidates and discussing with them the expected time commitment involved in serving on the Luna Board and on any committees on which it is anticipated they will sit, and their willingness to serve having regard to the anticipated time commitments. This Committee's recommendations respecting the nominations for election as Directors are then presented to the full Luna Board for its consideration. The full Luna Board, a majority of whom (including the Chairman of the Luna Board) are independent Directors, makes the final determination respecting the nomination of Directors for election to the Luna Board. Luna Board members are elected by the Luna Shareholders annually at the annual general meeting and Luna Shareholders have the opportunity to vote for or withhold on each nominee. The Luna Board may appoint Directors between annual general meetings up to a maximum of one-third of the Directors elected by the Luna Shareholders at the last annual general meeting.

Compensation of Directors and the CEO

The Compensation & Corporate Governance Committee has the responsibility for recommending to the full Board, the compensation for the Directors and senior management. The members of the Compensation & Corporate Governance Committee are currently Harry Wayne Kirk (Chairman), Steven Krause and Federico Schwalb. All members are independent.

Under its formal mandate the Compensation & Corporate Governance Committee is charged with reviewing annually the compensation for Directors who serve on the Luna Board or its committees, considering all relevant matters including the goals of the Company, the effectiveness of the Luna Board, each committee and each Director in achieving its mandate, time commitment of Directors, compensation provided by comparator companies and level of responsibility, and recommending Director compensation to the Board. The Compensation & Corporate Governance Committee is also charged with reviewing annually the salary, bonus, stock options and other benefits, direct or indirect, considering all relevant matters including the goals of the Company and the effectiveness of management in achieving the goals, the skill, qualifications and level of responsibility of management, and compensation provided by comparator companies and making recommendations to the Luna Board. The Compensation & Corporate Governance Committee also reviews and recommends to the Luna Board performance targets and corporate goals relevant to NEO compensation and evaluates each of the NEO's performance based on such goals. The Compensation & Corporate Governance Committee, among its other tasks, also administers the Luna Option Plan.

The Compensation & Corporate Governance Committee has authority to engage outside consultants to review the Company's director and management compensation program as appropriate and the Compensation Committee is also responsible for reviewing the Compensation Committee report for publication in an annual proxy circular or annual information form.

Please see "*Executive Compensation – Compensation Discussion and Analysis*" above for further details.

There is no minimum security ownership requirement for Directors and officers of the Company.

Mandatory Retirement Age

As outlined in the Corporate Governance Guidelines, unless otherwise determined by the Luna Board, no person will be appointed or elected as a Director once that person has reached 75 years of age. The Luna Board may temporarily waive this policy if it deems to do so is in the best interests of the Company.

Luna Board Committees

The Company has five standing Committees at present, being the Audit Committee, the Compensation & Corporate Governance Committee, the Corporate Responsibility Committee, the Finance Committee and the Technical Committee. Copies of the Charters of the Luna Board's Committees are available for review at www.lunagold.com. In October 2014, the Board also established a Special Committee of Directors to consider alternatives for the Company.

The *Audit Committee* is currently comprised of three of the Company's seven Directors: Steven Krause (Chairman), Harry Wayne Kirk and William Lindqvist, all of whom are independent and financially literate. For more information on our Audit Committee, refer to the Company's latest annual information form available at www.sedar.com.

The *Compensation & Corporate Governance Committee* is currently comprised of three Directors: Harry Wayne Kirk (Chairman), Steven Krause and Federico Schwalb, all of whom are independent.

The *Corporate Responsibility Committee* is currently comprised of four Directors: William Lindqvist (Chairman), Luis J. Baertl, David Awram and Federico Schwalb, two of whom (Messrs. Lindqvist and Schwalb) are independent under the Company's independence standards.

The Finance Committee is currently comprised of two Directors: Luis J. Baertl and Steven Krause, one of whom (Mr. Krause) is independent under the Company's independence standards.

The *Technical Committee* is currently comprised of four Directors: Federico Schwalb (Chairman), David Awram, William Lindqvist and Luis J. Baertl, two of whom (Messrs. Lindqvist and Schwalb) are independent under the Company's independence standards.

The *Special Committee* is currently comprised of five Directors: Steven Krause (Chairman), Harry Wayne Kirk, William Lindqvist, Federico Schwalb and Luis J. Baertl, four of whom (Messrs. Krause, Kirk, Lindqvist and Schwalb) are independent under the Company's independence standards.

As the Directors are actively involved in the operations of the Company and the size of the Company's operations does not warrant a larger board of Directors, the Luna Board has determined that additional Committees are not necessary at this stage of the Company's development.

Assessments

The Luna Board and Committees conduct an annual written assessment of the Luna Board's and Committee's effectiveness, which includes Director self-evaluation. The Luna Board monitors but does not formally assess the performance of individual Luna Board members or Committee members or their contributions. As part of the assessments, the Luna Board and individual Committees review their respective mandates/charters and conduct reviews of applicable corporate policies on an annual basis.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Luna Board, the only matters to be brought before the Luna Meeting are those matters set forth in the accompanying Notice of Meeting, as more particularly described as follows.

ELECTION OF DIRECTORS

The Directors of the Company are elected at each annual meeting and hold office until the next annual meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Number of Directors

The Luna Board currently consists of seven directors.

Majority Voting Policy

Voting with respect to each nominee will be on an individual basis. As part of its Corporate Governance Guidelines the Luna Board has adopted a Majority Voting Policy. If the votes "for" the election of a Director nominee at a meeting of Luna Shareholders are fewer than the number voted "withhold", the nominee will submit his or her resignation promptly after the meeting for the consideration of the Compensation & Corporate Governance Committee. The Compensation & Corporate Governance Committee will make a recommendation to the Luna Board after reviewing the matter, and the Luna Board will decide within 90 days after the meeting of Luna Shareholders whether to accept or reject the resignation. The Luna Board will accept the resignation absent exceptional circumstances. The Luna Board's decision to accept or reject the resignation will be disclosed by way of a press release, a copy of which will be sent to the TSX. If the Luna Board does not accept the resignation, the press release will fully state the reasons for the decision. The nominee will not participate in any deliberations whether to accept or reject the resignation. This policy does not apply in circumstances involving contested Director elections.

Term Limits & Diversity

In the fall of 2014 the Canadian Securities Authorities introduced “comply or explain” policies requiring companies to either adopt or explain why they have not adopted (a) policies with respect to term limits for directors; and (b) policies and targets designed to increase participation by women in board matters and in executive positions. Luna has begun considering the substance of appropriate policies, including after giving effect to the Luna Restructuring Transactions, if completed, but has not yet adopted formal policies or targets on either term limits or diversity. Luna does have a mandatory retirement age of 75 years old, although the Luna Board can waive this requirement if it is in the best interests of the Company.

The Luna Board has historically recognized the valuable contributions made to board deliberations and management by people of different gender, experience and background. The Luna Board undertakes annual Director assessments and has had ongoing turnover at the board level, even prior to the 2014 Luna Meeting. Selection is made as per the criteria described above and elsewhere in this Circular (such as based on merit, skills, qualifications, needs of the Company at the time, etc.). However, the Luna Board is mindful of the benefit of diversity in the Company’s leadership positions and the need to maximize the effectiveness of the Luna Board and management in their decision making abilities. Accordingly, in searches for new Directors or officers, the Luna Board considers the level of female representation and diversity within its leadership ranks and this is just one of several factors used in its search process. The Company currently has zero female members on its board of Directors and zero female officer(s) among the Company’s senior management team.

In considering the recently adopted Canadian Securities Authorities guidelines, the Company has determined to monitor developments in this area while reviewing the Company’s own practices in order to adopt a policy that is meaningful for the Company.

Management Nominees

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning our nominees, as furnished by the individual nominees, is as follows:

Name, Jurisdiction of Residence and Position	Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years	Previous Service as a Director	Number of Luna Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly[6]
MARC LEDUC[4] Denver, CO *President and CEO and Director*	President and CEO of the Company	President and CEO since January 30, 2015.	0
STEVEN KRAUSE[1][2][5] British Columbia, Canada *Director*	Chartered Accountant; President of Avisar, Chartered Accountants	Since April 22, 2009	40,900
LUIS J. BAERTL[3][4][5] Chile, South America *Director*	President and CEO of La Ermita Ltda., a Chilean limited partnership involved in mining, agriculture and real estate	Since June 25, 2009	14,706,008[7]
HARRY WAYNE KIRK[1][2][5] Washington, United States *Director*	Consultant and Corporate Director	Since May 16, 2012	31,000
WILLIAM LINDQVIST[1][3][4][5] California, United States *Director*	Consultant and Corporate Director	Since September 2, 2012	20,000
FEDERICO SCHWALB HELGUERO[2][3][4][5] Lima, Peru *Director*	Principal of Amrop Peru since April 2013; General Manager and Project Director – Chucapaca Project of Canteras del Hallazgo SAC from June 2010 to December 2012; Freelance Consultant from March 2009 to May 2010.	Since April 28, 2014	Nil
GREG SMITH[1][3][4] British Columbia, BC *Nominee*	Chartered Accountant; President and CEO of Anthem United Inc. since September 2013; President and CEO of Esperanza Resources Corp. from May 2012 to August 2013; CFO of Minefinders Corporation Ltd. from October 2006 to March 2012.	N/A	Nil

(1) Member of the Audit Committee. Mr. Greg Smith is not currently a director of the Company, but if elected, it is anticipated that he will be appointed as a member of the Corporate Responsibility Committee.
(2) Member of Compensation & Corporate Governance Committee.
(3) Member of the Corporate Responsibility Committee.
(4) Member of the Technical Committee.
(5) Member of the Special Committee.
(6) Luna Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, are based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such Luna Shares are held directly.
(7) Mr. Baertl beneficially owns, controls or directs, directly or indirectly, 11,953,000 of these Luna Shares through Pacha, a private BVI company and 2,000,000 through Runa Investments Limited, a private company owned/controlled by Mr. Baertl. He holds 326,336 Luna Shares for his children and holds the remaining 426,372 Luna Shares personally.

Greg Smith – Brief Biography

Mr. Smith, if elected, will be an independent member of the Luna Board. Mr. Smith was recommended to the Luna Board by Sandstorm as an independent board member and, if elected, he will not be serving as a nominee or a representative of Sandstorm.

Mr. Smith is currently the Chief Executive Officer of Anthem United Inc., a precious metals company listed on the TSX Venture Exchange. Prior to his role with Anthem United, from May 2012 until August 2013, he held the role of President and Chief Executive Officer of Esperanza Resources prior to its sale to Alamos Gold and from October 2006 until March 2012, the role of Chief Financial Officer of Minefinders Corporation prior to its sale to Pan American Silver. Mr. Smith has also held management positions at both Goldcorp and the mining division of KPMG LLP. He is currently a director and the Audit Committee Chair of both Chesapeake Gold and Lowell Copper. Mr. Smith is a designated Canadian Chartered Accountant.

Additional Information about Proposed Directors

No proposed Director is to be elected under any arrangement or understanding between the proposed Director and any other person or company, except the Directors and executive officers of the Company acting solely in such capacity.

To the knowledge of the Company, except as disclosed below, no proposed Director:

(a) is, as at the date of the Circular, or has been, within 10 years before the date of the Circular, a Director, CEO or CFO of any company (including the Company) that:

  (i) was the subject, while the proposed Director was acting in the capacity as Director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

  (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed Director ceased to be a Director, CEO or CFO but which resulted from an event that occurred while the proposed Director was acting in the capacity as Director, CEO or CFO of such company; or

(b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a Director or Executive Officer of any company (including the 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

(c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Director; or

(d) has been subject to 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

(e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed Director.

Mr. Kirk was a director of Great Basin Gold Ltd. ("**GBG**") until he resigned such directorship in January 2012. In September, 2012, GBG filed for creditor protection under the *Companies Creditors Arrangement Act* ("**CCAA**") in Canada, and GBG's principal South African subsidiary Southgold Exploration (Pty) Ltd., filed for protection under the South African Companies Act business rescue procedures. GBG's subsidiary Rodeo Creek Gold Inc., and certain of its affiliates, entered US Bankruptcy Code Chapter 11 restructuring proceedings in Nevada in February, 2013. GBG subsequently delisted its securities from the TSX, JSE and NYSE MKT. To Mr. Kirk's knowledge, such proceedings are ongoing.

The following Directors of the Company hold directorships in other reporting issuers as set out below:

Name of Director	Name of Other Reporting Issuer
Steven Krause	N/A
Luis J. Baertl	N/A
Harry Wayne Kirk	Gabriel Resources Ltd. Northern Dynasty Minerals Ltd.
William Lindqvist	Damara Gold Corp. Colorado Resources Ltd.
Marc Leduc	Rupert Resources Ltd.
Federico Schwalb	N/A
Greg Smith	Chesapeake Gold Corporation Lowell Copper Ltd.

In the absence of a contrary instruction, the person(s) designated by management of the Company in the enclosed Proxy intends to vote FOR the election of the nominees set forth above.

APPOINTMENT OF AUDITORS

KPMG LLP has been the independent auditor of the Company within the meaning of the Rules of Professional Conduct of the Institute of the Chartered Accountants of British Columbia since September 16, 2013. Unless otherwise instructed, the Proxies given pursuant to this solicitation will be voted for the re-appointment of KPMG LLP as the auditors of the Company for the ensuing year at a remuneration to be fixed by the Directors.

In the absence of a contrary instruction, the person(s) designated by management of the Company in the enclosed Proxy intends to vote FOR the appointment of KPMG LLP as the Company's auditors.

APPROVAL OF LUNA OPTION PLAN

At the Luna Meeting, Luna Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a resolution in the form set out below (the "**Option Plan Resolution**"), subject to such amendments, variations or additions as may be approved at the Luna Meeting, re-approving the Luna Option Plan of the Company. As a "rolling" stock option plan, under the TSX rules, the Luna Board's ability to grant stock options under the Luna Option Plan requires re-approval by the Company's Directors and Luna Shareholders every three years.

The following disclosure is a summary of the material terms of the Luna Option Plan. A copy of the Luna Option Plan is attached as Appendix A. The following summary is qualified in its entirety by the full text of the Luna Option Plan.

The Luna Board may from time to time grant to Directors, officers, employees or consultants of the Company and any of its subsidiaries options to acquire Luna Shares ("**Luna Options**") in such numbers, for such terms and at such exercise prices as may be determined by the Luna Board. The purpose of the Luna Option Plan is to attract, retain and motivate persons as directors, officers, employees and consultants of the Company and its subsidiaries and to advance the interests of the Company by providing such persons with the opportunity, through share options, to acquire a proprietary interest in the Company.

The maximum aggregate number of Luna Shares that may be issuable under the Luna Option Plan is 15% of the current outstanding Luna Shares. At present, there are outstanding stock options exercisable for 5,911,200 Luna Shares (or 4.18% of the current outstanding Luna Shares) leaving stock options exercisable for 15,310,585 Luna Shares (or 10.82% of the current outstanding Luna Shares) available for grant as of the date hereof.

The maximum aggregate number of Luna Shares that may be issuable to insiders of the Company under the Luna Option Plan and any other share compensation arrangement is 10% of the issued and outstanding Luna Shares at the time of grant. The maximum aggregate number of Luna Shares which may be issued to insiders of the Company under the Luna Option

Plan and any other share compensation arrangement within a one-year period is 10% of the issued and outstanding Luna Shares at the time of grant.

Luna Shares in respect of which Luna Options are exercised, expired or cancelled shall become available for the grant of subsequent Luna Options under the Luna Option Plan. No fractional Luna Shares may be purchased or issued under the Luna Option Plan.

The Luna Board has the authority under the Luna Option Plan to establish the option price at the time each option is granted. The option price may not be lower than the five day volume weight average trading price (as determined in accordance with the rules of the TSX) of the Luna Shares on the TSX ending on the trading day immediately preceding the date of the grant of the Luna Option.

The term and vesting period of the Luna Options granted under the Luna Option Plan will be determined by the Luna Board, but may not exceed 5 years from the date of grant. Luna Options are not generally transferable other than by will or the laws of descent and may be exercised during the lifetime of the optionee only by the optionee. Notwithstanding the foregoing, in the event that the expiry date of a Luna Option falls within, or within two days of the end of, a trading blackout period imposed by or on the Company (the "**Blackout Period**"), the expiry date of such Luna Option will automatically be extended to the 10th business day following the end of the Blackout Period.

The Company provides no financial assistance to facilitate the purchase of Luna Shares to Directors, officers or employees who hold options granted under the Luna Option Plan.

Subject to the terms of an Optionee's employment agreement with respect to a Change of Control (as such term is defined in the Luna Option Plan), and unless otherwise determined by the Luna Board prior to such Change of Control, if a Change of Control occurs, all Luna Options then outstanding shall automatically vest, so that, notwithstanding the other terms of the Luna Option Plan, such Luna Options may be exercised in whole or in part by the Optionee and upon the exercise of an Luna Option under the Luna Option Plan, the holder thereof shall be entitled to receive any securities, property or cash (or a combination thereof) which the Optionee would have received upon such Change of Control, if the Optionee had exercised his Luna Option immediately prior to the applicable record date or event, as applicable, and the exercise price shall be adjusted, as applicable, by the Luna Board, unless the Luna Board otherwise determines the basis upon which such Luna Option shall be exercisable, and any such adjustments shall be binding for all purposes of the Plan.

If an Optionee ceases to be an Eligible Person, each Luna Option held by such Optionee will cease to be exercisable on the earlier of (i) the date which is 90 days following the date on which such optionee ceases to be an Eligible Person (or such longer period as may be prescribed by law or as may be determined by the Luna Board in its sole discretion), or (ii) the original Luna Option expiry date. If an Optionee dies, the legal representative of the Optionee may exercise the Optionee's Luna Options within one year after the date of the Optionee's death but only up to and including the original Luna Option expiry date. Notwithstanding the foregoing, in the event the Optionee is terminated for cause, the Luna Option shall immediately terminate.

Under the Luna Option Plan, the Luna Board may from time to time amend or revise the terms of the Luna Option Plan. Certain amendments require shareholder approval, including, among other things, changes to the maximum number or percentage of Luna Shares issuable under the Luna Option Plan, amendments to provide for financial assistance, the reduction of Luna Option exercise prices, or extending Luna Option expiry dates beyond their original terms, and any amendments to the amendment provisions of the Luna Option Plan.

All other amendments to the Luna Option Plan not specified to require shareholder approval under the Luna Option Plan, may be made by the Luna Board without obtaining shareholder approval, including (without limitation) amendments of a house-keeping nature or adding a cashless exercise feature of a Luna Option.

The Luna Board has approved the Luna Option Plan, subject to Luna Shareholder and TSX approvals. To be effective, the Luna Option Plan Resolution must be approved by not less than a majority of votes cast by the holders of Luna Shares present in person, or represented by proxy, at the Luna Meeting.

Unless otherwise indicated, the person designated as proxyholders in the accompanying Proxy will vote the Luna Shares represented by such Proxy properly executed, FOR the Option Plan Resolution.

If the Option Plan Resolution is not approved, then (i) any stock options that are currently outstanding will not be affected and will continue to be governed by the Luna Option Plan; (ii) the Company won't be able to grant new stock options under the Luna Option Plan; and (iii) the Company won't be able to re-grant any stock options that expire in the normal course without having been exercised.

The text of the Option Plan Resolution to be submitted to Luna Shareholders at the Luna Meeting is set forth below:

"BE IT RESOLVED THAT:

1. the incentive stock option plan of the Company, attached as Appendix A to the Company's management information circular dated May 15, 2015, be and hereby is approved and the Company's board of directors is hereby authorized to grant stock options in accordance with the provisions of such plan until June 18, 2018; and

2. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolution."

In the absence of a contrary instruction, the person(s) designated by management of the Company in the enclosed Proxy intends to vote FOR the Option Plan Resolution.

APPROVAL OF LUNA ADVANCE NOTICE POLICY

At the Luna Meeting, the Luna Shareholders will be asked to consider and, if deemed fit, to approve the Advance Notice Policy Resolution, the full text of which is reproduced at Appendix B to this Circular. If approved, the policy will be effective as the Advance Notice Policy of the Company as at and from the date of the Luna Meeting.

Purpose of the Advance Notice Policy

The Directors of the Company are committed to: (i) facilitating an orderly and efficient annual general or, where the need arises, special meeting, process; (ii) ensuring that all Luna Shareholders receive adequate notice of the Director nominations and sufficient information with respect to all nominees; and (iii) allowing Luna Shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

The purpose of the Advance Notice Policy is to provide Luna Shareholders, Directors and management of the Company with a clear framework for nominating Directors. The Advance Notice Policy fixes a deadline by which holders of record of Luna Shares must submit director nominations to the Company prior to any annual or special meeting of Luna Shareholders and sets forth the information that a Luna Shareholder must include in the notice to the Company for notice to be in proper written form in order for any Director nominee to be eligible for election at any annual or special meeting of Luna Shareholders.

Terms of the Advance Notice Policy

The following information is intended as a brief description of the Advance Notice Policy and is qualified in its entirety by the full text of the Advance Notice Policy, a copy of which is attached as Appendix B.

Among other things, the Advance Notice Policy fixes a deadline by which holders of record of Luna Shares of the Company must submit Director nominations to the Secretary of the Company prior to any annual or special meeting of shareholders and sets forth the specific information that a shareholder must include in the written notice to the Secretary of the Company for an effective nomination to occur. No person will be eligible for election as a Director of the Company unless nominated in accordance with the provisions of the Advance Notice Policy.

In the case of an annual meeting of shareholders, notice to the Company must be made not less than 30 nor more than 65 days prior to the date of the annual meeting; provide however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice must be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Company must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Luna Board may, in its sole discretion, waive any requirement of the Advance Notice Policy.

Approval of Advance Notice Policy by Luna Shareholders

If the Advance Notice Policy is approved at the Luna Meeting, the Advance Notice Policy will be effective and in full force and effect in accordance with its terms and conditions beyond the termination of the Luna Meeting. Thereafter, the Advance Notice Policy will be subject to review by the Luna Board and will be updated to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

If the Advance Notice Policy is not approved at the Luna Meeting, the Advance Notice Policy will terminate and be of no further force or effect from and after the termination of the Luna Meeting.

At the Luna Meeting, the shareholders will be asked to approve the following by ordinary resolution (the "**Advance Notice Policy Resolution**"):

"BE IT RESOLVED, as an ordinary resolution of the Luna Shareholders of the Company, that:

1. The Company's Advance Notice Policy (the "**Advance Notice Policy**"), as further described in the Company's management information circular dated May 15, 2015, be and is hereby ratified, confirmed and approved;

2. The Luna Board of Directors of the Company be authorized in its absolute discretion to administer the Advance Notice Policy and amend or modify the Advance Notice Policy in accordance with its terms and conditions to the extent needed to reflect changes required by securities regulatory agencies or stock exchanges, so as to meet industry standards, or as otherwise determined to be in the best interests of the Company and its shareholders; and

3. Any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions."

The Luna Board recommends a vote "FOR" the approval of the Advance Notice Policy Resolution. In the absence of a contrary instruction, a properly executed and returned Proxy will be voted FOR the approval of the Advance Notice Policy Resolution.

THE LUNA RESTRUCTURING TRANSACTIONS

Background to the Luna Restructuring Transactions

During the third and fourth quarters of the 2014 financial year, due to, among other things, prevailing market conditions and conditions affecting the mining industry generally, Luna experienced a turnover in management and was unable to place the second tranche of a private placement in September 2014.

On October 9, 2014, Luna announced that it had established a special committee of independent members of the Luna Board (the "**Special Committee**") with a mandate to explore all strategic alternatives, including the terms thereof, available to the Company to offer greater value to the Luna Shareholders. The Special Committee was to evaluate proposals and other alternatives and to provide advice and recommendations to the Luna Board regarding any potential transactions. On October 16, 2014, the Special Committee engaged Canaccord as its financial advisor to assist the Special Committee in carrying out its mandate.

Upon their engagement, Canaccord began a comprehensive process of soliciting proposals and exploring alternatives that involved discussions with a significant number of distinct third parties, execution of numerous confidentiality agreements,

and the evaluation and consideration of several proposals for financing or other alternatives for Luna. This process also involved detailed discussions with Sandstorm and Luna's lenders under the Credit Agreement.

Sandstorm, Sandstorm Canada, the Company and MASA, a wholly-owned subsidiary of Luna, are parties to the Gold Stream Agreement, pursuant to which MASA agreed to sell to Sandstorm Canada, 17% of its gold production from the Aurizona Project. Sandstorm, in its capacity as lender, is also a party to the Loan Agreement with MASA and Aurizona Goldfields Corporation, both wholly-owned subsidiaries of Luna. Unsatisfied amounts due and owing by MASA, as guaranteed by Luna, remain outstanding to and in favour of Sandstorm Canada under the Gold Stream Agreement and the Loan Agreement.

In response to negative operating margins and the status of gold and capital markets, in November 2014 the Company halted all non-essential programs and reduced mining activity to avoid high costs associated with operating in the wet season. Mine site personnel were also reduced accordingly. Later in November 2014, Luna's then current CEO, Geoff Chater, announced his resignation from his position with the Company. On January 30, 2015, Mr. Marc Leduc was appointed as the Company's President, CEO and as a Director of the Company.

On February 17, 2015 Luna announced that, in furtherance of its fourth quarter 2014 cost reduction programs, it had suspended mining operations at its Aurizona Project but that it would continue to process stockpiled ore.

On March 5, 2015, in connection with the Company not being in compliance with certain covenants under its Credit Agreement (as disclosed in Luna's September 30, 2014 MD&A), the Company announced that it had entered into a forbearance agreement with Société Générale (Canada Branch), Mizuho Bank Ltd. and the other parties to the Credit Agreement, whereby the Company acknowledged that it was in default and the creditors agreed to refrain from exercising any rights or remedies under the Credit Agreement until May 1, 2015. Forbearance under the Credit Agreement has since been extended twice, until May 15, 2015 and July 1, 2015, respectively.

Since March 5, 2015, Luna, with Canaccord's assistance, has been engaged in discussions with its current creditors and a number of third parties in pursuit of additional financing or other strategic alternatives.

On March 19, 2015, Luna entered into the letter of intent with Sandstorm whereby, subject to the terms and conditions of the Definitive Agreements, Sandstorm agreed to terminate the Gold Stream Agreement and replace it with two net smelter return royalties on the Company's Aurizona and Greenfields Projects and to amend the Loan Agreement to include a US$30,000,000 convertible debt facility.

On March 24, 2015, Luna entered into a non-binding term sheet with certain Pacific Road affiliated entities, whereby, subject to the terms and conditions of the Definitive Agreements and the terms and conditions set out therein, Pacific Road and the Company agreed to negotiate the terms of Pacific Road's participation in the Debt Offering and the Pacific Road Equity Offering.

The Gold Stream Restructuring forms part of a larger series of contemplated restructuring transactions resulting from these discussions, which were publically announced on May 7, 2015 and include:

i. The issuance of a new $20,000,000 secured promissory note and 200,000,000 series B Luna Share purchase warrants to Pacific Road for an aggregate purchase price of $20,000,000 pursuant to the terms of the Investment Agreement;

ii. A private placement of 100,000,000 Units in the capital of the Company (each Unit to be comprised of one Luna Share and one series A Luna Share purchase warrant) at a price of $0.10 per Unit to Pacific Road for gross proceeds to the Company of $10,000,000;

iii. A proposed offering of up to 150,000,000 Units (each Unit to be comprised of one Luna Share and one Series A Warrant exercisable for one Luna Share at an exercise price of $0.125 for a term of five years) at a price of $0.10 per Unit for gross proceeds to the Company of up to approximately $15,000,000 on a private placement basis, which may be made to certain existing Luna Shareholders or new investors; and

iv. Repayment and termination of the Credit Agreement.

At the Luna Meeting, Luna Shareholders will be asked to approve the Gold Stream Restructuring as by the Sandstorm Resolution, the Pacific Road Financing as by the Pacific Road Resolution and the Offering as by the Offering Resolution. To be effective, the Pacific Road Resolution must be approved by an ordinary resolution, the Sandstorm Resolution and must receive minority approval under MI 61-101 and the Offering Resolution must receive disinterested shareholder approval in accordance with the policies of the TSX. **Each of the transactions comprising the Luna Restructuring Transactions is indirectly conditional upon all of the Luna Restructuring Transactions Resolutions being passed. The failure to approve any of the Luna Restructuring Transaction Resolutions will result in the transactions not being implemented.**

Assuming completion of the Luna Restructuring Transactions, Luna expects to use the proceeds from the Gold Stream Restructuring, the Pacific Road Offering and the Offering to (i) repay its existing debt facility with Société Générale (Canada branch) and Mizuho Corporate Bank; (ii) complete an infill drilling program, advance the current mine plan, prepare engineering studies and submit permits for Luna's Aurizona Project in Brazil; and (iii) for general working capital and corporate purposes.

Luna Restructuring Transactions – Sandstorm Resolution

At the Luna Meeting, Luna Shareholders will be asked to approve the Sandstorm Resolution, the text of which is set out on Appendix C hereto.

Gold Stream Restructuring

The Aurizona Project NSR covers the entire Aurizona Project, including the current NI 43-101 compliant resources, and all adjacent exploration upside that is processed through the Aurizona mill net of third party refining costs (including treatment and processor deductions, transportation and insurance but excluding the costs of mining, mine site processing and handling). The maximum allowable deductions from gross smelter returns shall be 5% of the aggregate value of such gross smelter returns. The Aurizona Project NSR is a sliding scale royalty based on the price of gold as follows:

- 3% if the monthly average price of gold is less than or equal to US$1,500 per ounce;
- 4% if the monthly average price of gold is between US$1,500 per ounce and US$2,000 per ounce; and
- 5% if the monthly average price of gold is greater than US$2,000 per ounce.

The Greenfields NSR covers the 190,073 hectares of exploration ground held by Luna and is for 2% of the gross smelter returns net of third party refining costs (including treatment and processor deductions, transportation and insurance but excluding the costs of mining, mine site processing and handling). The maximum allowable deductions from gross smelter returns shall be 5% of the aggregate value of such gross smelter returns. Luna has the right to purchase one-half of the Greenfields NSR for US$10,000,000 at any time prior to commercial production.

Sandstorm also holds a right of first refusal on any future streams or royalties on the Aurizona Project and Greenfields Project.

Under the Gold Stream Restructuring, Luna will also issue Sandstorm a US$30,000,000 secured convertible debenture bearing interest at a rate of 5% per annum. The Sandstorm Debenture will be payable in three equal annual tranches of US$10,000,000 plus accrued interest beginning January 1, 2018. Luna will have the right to convert principal and interest owing under the Sandstorm Debenture into Luna Shares of Luna, at a conversion price equal to the greater of $0.10 and the 20-day VWAP of Luna's Luna Shares, so long as such conversion would not result in Sandstorm owning more than 19.99% of the outstanding Luna Shares of Luna.

The loan component of the Gold Stream Restructuring extends the maturity date of the Company's existing Loan Agreement with Sandstorm from June 30, 2017 to June 30, 2021. It also revises the interest rate to 5% per annum, payable in cash on the maturity date, and increases the default rate of interest equal to 10% per annum. The amendments to the Loan Agreement are in partial consideration for Sandstorm's provision of the Sandstorm Debenture. Other than pursuant to the Sandstorm Debenture, no new funds will be provided to Luna under the Loan Agreement.

Required Approvals

In relation to the Gold Stream Restructuring, the approval of the Sandstorm Resolution will require the affirmative vote of a simple majority of the votes cast by all Luna Shareholders excluding all "interested parties" (as defined in MI 61-101), a related party of an "interested party" and a joint actor of either of those two categories.

Accordingly, Luna Shares held by a related party of Luna at the time transaction is agreed to would be excluded from the calculation of the "minority" for purposes of minority approval under MI 61-101. As a result, any Luna Shares held by Sandstorm and its affiliates will be excluded from the minority for this purpose. In addition, any Luna Shares held by a "related party" of Sandstorm or Sandstorm would be excluded from the calculation of the "minority" for purposes of minority approval under MI 61-101.

The only Luna Shares that will be excluded from the calculation of the minority for purposes of minority approval of the Gold Stream Restructuring are the 28,041,300 Luna Shares held by Sandstorm (or 19.82% of the current outstanding Luna Shares), any related party of Sandstorm, and any joint actor with Sandstorm.

The Luna Board recommends a vote "FOR" the approval of the Sandstorm Resolution. In the absence of a contrary instruction, a properly executed and returned Proxy will be voted FOR the approval of the Sandstorm Resolution, a copy of which is attached to this Circular as Appendix C. Each of the transactions comprising the Luna Restructuring Transactions is indirectly conditional upon all of the Luna Restructuring Transactions Resolutions being passed. The failure to approve any of the Luna Restructuring Transaction Resolutions will result in the transactions not being implemented.

Luna Restructuring Transactions – Pacific Road Resolution

At the Luna Meeting, Luna Shareholders will be asked to approve the Pacific Road Resolution, the text of which is set out on Appendix D hereto.

Description of the Pacific Road Equity Offering

The Company proposes to offer to Pacific Road Units on a private placement basis at the Issue Price. Each Unit will consist of one Luna Share and one Series A Warrant. The Series A Warrants will have an exercise price of $0.125 and a term of 5 years following Closing. The Pacific Road Equity Offering will result in gross proceeds to the Company of $10,000,000.

The Pacific Road Equity Offering also contemplates that the offering of Units described below will be conducted concurrently, provided that any shareholder or new investor investing $1,000,000 or more in the Offering shall be acceptable to Pacific Road, acting reasonably.

Description of the Debt Offering

The Company also proposes to issue the Pacific Road Note with a principal amount of $20,000,000 and 200,000,000 Series B Warrants to Pacific Road for an aggregate purchase price of $20,000,000. The Pacific Road Note carries an interest rate of 10% per annum (which may be increased to a rate of 15% per annum in the event of a default by Luna), compounded quarterly and payable quarterly in arrears with a maturity date of June 30, 2020, subject to acceleration in certain circumstances. At Pacific Road's option, any interest may be payable in cash or in that number of Luna shares as is equal to the amount of such interest payment divided by the five-day VWAP of the Luna Shares on the TSX ending immediately prior to the date of such payment. The Series B Warrants will have an exercise price of $0.10 and expire on June 30, 2020.

The Pacific Road Note will be secured by first-ranking liens and encumbrances over the projects of the Company, encumbrances over the project assets and share pledges over the Company's subsidiaries. The Company's other creditors, including Sandstorm, will agree to subordinate their security interests in favour of Pacific Road and Pacific Road will enter into an intercreditor agreement with such other creditors.

Required Approvals

The TSX regulates the issuance of listed securities, such as the issuance of the any new Luna Shares by the Company. The TSX will require securityholder approval in a number of instances including: (i) where an issuance of listed securities will

"materially affect control", being a transaction that results, or could result, in a shareholder holding in excess of 20% of the voting rights of an issuer; or (ii) where the issuance of listed securities would exceed 25% of the then issued and outstanding securities and the price (or any conversion or exercise price) at which listed securities are to be issued pursuant to any private placement is less than the market price of the listed securities; (iii) where the price (or any conversion or exercise price) at which listed securities are to be issued pursuant to any private placement exceeds the maximum discount prescribed by the TSX; or (iv) where a transaction results in a shareholder holding a majority of a company's voting shares.

Pursuant to the terms of the Investment Agreement, the Company is required to obtain the approval of Luna Shareholders for the transactions contemplated by the Investment Agreement, including, without limitation, the issuance of the Units to Pacific Road (and the purchase price therefor), the Pacific Road Note and Series B Warrants, the issuance of the Luna Shares issuable on exercise of the Series A Warrants and Series B Warrants (including the exercise price for such warrants), the completion of a transaction that will have a material effect on control of the Company and create a "control person", whether pursuant to the issuance of the Units, the Luna Shares issuable on exercise of the Series A Warrants and Series B Warrants or otherwise, the issuance of Luna Shares in satisfaction of interest under the Pacific Road Note, the issuance of Luna Shares in satisfaction of liquidated damages as contemplated in the form of Note following an Event of Default and the fees payable in connection with the transactions contemplated by the Investment Agreement, and (ii) any other approval of Luna securityholders which may be required for the transactions contemplated by the Investment Agreement by law or by or from any Governmental Entity (as defined in the Investment Agreement).

In addition, since the Pacific Road Offering could result in Pacific Road holding a majority of the outstanding Luna Shares (depending on, among other things, the timing of the exercise by Pacific Road of the Series A Warrants and Series B Warrants, the aggregate number of Luna Shares issued to Pacific Road in satisfaction of interest under the Pacific Road Note, the ultimate size of the Offering and future offerings and the conversion by Sandstorm of any convertible securities held by it), the Company is seeking approval of the Luna Shareholders for Pacific Road to hold in excess of a majority of the outstanding Luna Shares at any time following completion of the Pacific Road Offering.

For more information on post-closing capitalization and ownership of Luna securities, including Pacific Road's ownership of Luna Shares, see "*Information Pertaining to Luna Following the Completion of the Luna Restructuring Transactions*".

As the Pacific Road Offering will materially affect control of the Company, and will result in dilution greater than 25% of the current issued and outstanding Luna Shares, the Company must exclude the votes of any Luna Shareholders who have an 'interest' in the Pacific Road Offering. Luna is informed that Pacific Road holds no Luna Shares as of the Record Date and Pacific Road and its affiliates are the only parties 'interested' in the Pacific Road Offering. All other Luna Shareholders will be permitted to vote on the Pacific Road Resolution.

To become effective, the Pacific Road Resolution will require approval of a simple majority of the votes cast in person or by proxy by disinterested Luna Shareholders. The only Luna Shares that will be excluded from the approval of the Pacific Road Resolution are any Luna Shares held by Pacific Road, any related party of Pacific Road, and any joint actor with Pacific Road.

The Luna Board recommends a vote "FOR" the approval of the Pacific Road Resolution. In the absence of a contrary instruction, a properly executed and returned Proxy will be voted FOR the approval of the Pacific Road Resolution, a copy of which is attached to this Circular as Appendix D.

Luna Restructuring Transactions – Offering Resolution

At the Luna Meeting, Luna Shareholders will be asked to approve the Offering Resolution, the text of which is set out on Appendix E hereto.

Description of the Offering

The Company proposes to offer to certain new and existing investors up to 150,000,000 Units at a price of $0.10 per Unit on a private placement basis for, assuming completion of the full amount of the Offering, aggregate gross proceeds to the Company of $15,000,000. The Offering will be made to certain existing shareholders and to new investors pursuant to exemptions from Canadian prospectus requirements and U.S. registration requirements and to certain existing shareholders of the Company in accordance with BCI 45-534 and equivalent instruments in other provinces and territories of Canada. Subject to certain limited exceptions, the Units will not be offered or sold in the United States. The Units will contain the

same terms as the Units sold to Pacific Road pursuant to the Pacific Road Offering.

The TSX regulates the issuance of listed securities, such as the issuance of the any new Luna Shares by the Company. The TSX will require securityholder approval in a number of instances including: (i) where an issuance of listed securities will "materially affect control"; or (ii) where the issuance of listed securities would exceed 25% of the then issued and outstanding securities and the price (or any conversion or exercise price) at which listed securities are to be issued pursuant to any private placement is less than the market price of the listed securities; or (iii) where the price (or any conversion or exercise price) at which listed securities are to be issued pursuant to any private placement exceeds the maximum discount prescribed by the TSX.

As of the date the Offering was first publicly announced, the market price (as defined by the TSX) of the Luna Shares on the TSX was $0.18. Pursuant to the TSX Company Manual, the maximum discount permissible to the market price of the Luna Shares is 25%. As the proposed $0.10 issue price per unit exceeds the maximum allowable discount permitted by the TSX and the total number of Luna Shares to be issued on closing of the Offering exceeds 25% of Luna's current issued and outstanding Luna Shares, the Company is required to seek disinterested shareholder approval of the Offering in accordance with the TSX Company Manual.

Required Approvals

Consequently, the Company must exclude the votes of any Luna Shareholders who have an 'interest' in the Offering, namely, all Directors and officers of Luna, Sandstorm and any other insiders, Pacific Road, and any other person who has committed to participate in the Offering prior to May 15, 2015. All other Luna Shareholders will be permitted to vote on the Offering Resolution.

To become effective, the Offering Resolution will require approval of a simple majority of the votes cast in person or by proxy by disinterested Luna Shareholders. The only Luna Shares that will be excluded from the approval of the Offering Resolution are any Luna Shares held by all Directors and officers of Luna, Sandstorm and any other insiders, Pacific Road, and any other person who has committed to participate in the Offering prior to May 15, 2015.

The only Luna Shares that will be excluded from the calculation for purposes of disinterested shareholder approval of the Offering Resolution are the 60,261,968 Luna Shares held by Sandstorm and all Directors and officers of Luna (or 42.59% of the current outstanding Luna Shares). As of the Record Date, Luna is informed that Pacific Road holds no Luna Shares and is unware of any commitments to participate in the Offering.

The Luna Board recommends a vote "FOR" the approval of the Offering Resolution. In the absence of a contrary instruction, a properly executed and returned Proxy will be voted FOR the approval of the Offering Resolution, a copy of which is attached to this Circular as Appendix E. Each of the transactions comprising the Luna Restructuring Transactions is indirectly conditional upon all of the Luna Restructuring Transactions Resolutions being passed. The failure to approve any of the Luna Restructuring Transaction Resolutions will result in the transactions not being implemented.

Recommendation of the Luna Board

After careful consideration, the Luna Board has determined that Luna Restructuring Transactions are fair to Luna Shareholders and that the Luna Restructuring Transactions are in the best interests of Luna. **Accordingly, the Luna Board recommends that Luna Shareholders vote FOR the Luna Restructuring Transaction Resolutions.**

Reasons for the Luna Restructuring Transactions

In the course of its evaluation of the Luna Restructuring Transactions, the Luna Board consulted with Luna's senior management, legal counsel and financial advisors, reviewed a significant amount of information and considered a number of factors including, among others, the following:

- *Extensive Strategic Review.* The Company has conducted an extensive market review explored all strategic alternatives over a period of six months. The Luna Restructuring Transactions is the only viable transaction that resulted from that strategic review process.

- *Restructuring of Debt*. The Luna Restructuring Transactions allow the Company to settle its debt obligations under the existing Credit Agreement and delay cash principal repayments on new debt issued pursuant to the Luna Restructuring Transactions. If the Luna Restructuring Transactions are not completed, the Company's senior lenders' agreement to forbear from commencing enforcement actions against the Company and its assets will terminate and the lenders will have the immediate right to commence such actions, including, without limitation, the initiation of legal proceedings that could result in an insolvency proceeding against the Company and its subsidiaries. There can be no assurances that the Company will be able to secure additional financing or extended forbearance from its lenders.

- *Canaccord Fairness Opinion.* The receipt by the Special Committee of the Canaccord Fairness Opinion, which provides that, as of the date thereof and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received is fair, from a financial point of view, to Luna Shareholders excluding Sandstorm as a Luna Shareholder. The Canaccord Fairness Opinion is attached as Appendix F to this Circular.

- *Evans & Evans Valuation Report.* The receipt by the Luna Board of the Evan & Evans Valuation Report, which provides that, as of the date thereof and subject to the assumptions, limitations and qualifications contained therein, it is reasonable for Evans & Evans to outline that the fair market value of the cost savings of the Gold Stream Restructuring are in the range of $11.1 – $11.9 million. The Evan & Evans Valuation Report is attached as Appendix G to this Circular.

- *Pacific Road Board Involvement.* Following the closing of the Luna Restructuring Transactions, and subject to receipt of all applicable approvals, including from Luna's Shareholders and the TSX, the board of directors of Luna is expected to be comprised of seven individuals, three of whom are expected to be nominees of Pacific Road.

- *Continued Participation by Luna Shareholders.* Luna Shareholders will continue to participate in any value increases associated with the Aurizona and Greenfields Projects, through their ownership of Luna Shares. Certain Luna Shareholders are also provided with the opportunity to participate in the Offering. Following the completion of the Luna Restructuring Transactions, Luna Shareholders will hold approximately 35.5% of the then outstanding Luna Shares (on a non-diluted basis and assuming Luna Shareholders subscribe for $10,000,000 of Units in the Offering).

- *Recapitalization of Luna.* On closing of the Luna Restructuring Transactions, Luna will have restructured its gold stream and recapitalized its balance sheet, putting it in a position to undertake an 18-month work program that will have the ultimate goal of restarting operations at the Aurizona Project.

- *Definitive Agreement Terms & Luna Board Support*. The Luna Restructuring Transactions, including the terms of the Definitive Agreements, have been approved by the Luna Board. Each of the directors and senior officers of Luna intend to vote all of such director's and officer's Luna Shares in favour of the Luna Restructuring Transactions Resolutions subject to the other terms of the Definitive Agreements.

- *Required Approvals*. The following rights and approvals protect Luna Shareholders: (i) the Sandstorm Resolution must be approved simple majority of the votes cast in person or by proxy at the Luna Meeting by Luna Shareholders excluding the votes cast in respect of Luna Shares held by, beneficially owned by, or over which control or direction is exercised by Sandstorm and any of its related parties (as defined by MI 61-101) or joint actors (as defined by MI 61-101) and such other holders of Luna Shares excluded by MI 61-101; (ii) the Pacific Road Resolution will require approval of a simple majority of the votes cast in person or by proxy by disinterested Luna Shareholders (in accordance with the policies of the TSX), which vote will exclude all insiders of the Company, Pacific Road and any Pacific Road related parties; and (iii) the Offering Resolution will require approval of a simple majority of the votes cast in person or by proxy by disinterested Luna Shareholders (in accordance with the policies of the TSX), which vote will exclude all directors, officers, Sandstorm and any other insiders, Pacific Road, and any other persons who have committed to participate in the Offering prior to the Record Date.

Risk Factors

In the course of its deliberations, the Luna Board also identified and considered a variety of risks (as described in greater detail under "*Risk Factors*" in this Circular) and potentially negative factors in connection with the Luna Restructuring Transactions, including, but not limited to:

- The completion of the Luna Restructuring Transactions is subject to several conditions that must be satisfied or waived, including, among other things, that Luna Shareholder Approval shall have been obtained. There can be no certainty that these conditions will be satisfied or waived.

- The completion of the Gold Stream Restructuring is subject to several conditions that must be satisfied or waived, including, among other things, that Luna complete the Pacific Road Offering and the Offering to raise proceeds of at least $20,000,000 in equity financing. There can be no certainty that this condition will be satisfied or waived.

- The issuance of a significant number of Luna Shares pursuant to the Pacific Road Offering and the Offering could adversely affect the market price of Luna Shares.

- The Definitive Agreements may be terminated by Sandstorm, Pacific Road or Luna in certain circumstances, in which case the market price for Luna Shares may be adversely affected.

- Following closing, Luna may not realize the benefits currently anticipated due to challenges associated with operating in the mining industry generally, Luna's need for additional financing and Luna's existing debt.

- Luna's significant shareholders could influence the Company's business practices.

- Sales of Luna Shares by Luna's significant shareholders could adversely affect the market price of Luna Shares.

- If the Luna Restructuring Transactions are not completed, the Company's senior lenders' agreement to forbear from commencing enforcement actions against the Company and its assets will terminate and the lenders will have the immediate right to commence such actions, including, without limitation, the initiation of legal proceedings that could result in an insolvency proceeding against the Company and its subsidiaries.

The Luna Board's reasons for recommending the Luna Restructuring Transactions include certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks. See "*Cautionary Statement Regarding Forward-Looking Statements*" and "*Risk Factors*" in this Circular.

The foregoing summary of the information and factors considered by the Luna Board is not intended to be exhaustive. In view of the variety of factors and the amount of information considered in connection with its evaluation of the Luna Restructuring Transactions, the Luna Board did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion and recommendation. The Luna Board's recommendation was made after considering all of the above-noted factors and in light of the Luna Board's knowledge of the business, financial condition and prospects of Luna, and was also based on the advice of financial advisors and legal advisors to the Luna Board. In addition, individual members of the Luna Board may have assigned different weights to different factors.

Conditions Precedent to the Luna Restructuring Transactions

In addition to the approval of the Luna Restructuring Transaction Resolutions by Luna Shareholders as described herein, the Luna Restructuring Transactions are conditional upon, among other things, the performance, by each of the relevant parties, of all obligations under the Definitive Agreements and receipt of all applicable waivers and consents, all in accordance with the terms of the Definitive Agreements. The Gold Stream Restructuring is also conditional on completion of the Pacific Road Offering and the Offering for aggregate gross proceeds to the Company of at least $20,000,000 from the equity financing aspects thereof.

Canaccord Fairness Opinion

The following is only a summary of the Canaccord Fairness Opinion. The Canaccord Fairness Opinion has been prepared as of March 25, 2015 for the use of the Special Committee. The summary of the Canaccord Fairness Opinion described herein is qualified in its entirety by reference to the full text of the Canaccord Fairness Opinion. The full text of the Canaccord Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Canaccord Fairness Opinion, is attached hereto as Appendix F and forms part of this Circular. The Canaccord Fairness Opinion is not a recommendation to any Luna Shareholder as to how to vote or act on any matter relating to the Luna Restructuring Transactions. The Luna Board urges Luna Shareholders to read the Canaccord Fairness Opinion carefully and in its entirety.

Engagement of Canaccord

Canaccord was engaged by the Special Committee pursuant to an engagement letter dated October 16, 2014 (the "**Canaccord Engagement Letter**") to address the fairness, from a financial point of view, of the Luna Restructuring Transactions. Under its engagement letter with Canaccord, Luna has agreed to pay a flat professional fee for the Canaccord Fairness Opinion and a percentage fee for Canaccord's financial advisory services, but the fees are not contingent upon the opinions presented. In addition, Luna has agreed to indemnify Canaccord in respect of certain circumstances that might arise out of the preparation of the Canaccord Fairness Opinion.

Independence of Canaccord

Neither Canaccord, nor any of its affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (British Columbia)) of Luna, Pacific Road, Sandstorm or any of their respective associates or affiliates (collectively, the "**Interested Parties**").

Canaccord has not acted for Luna as a financial advisor during the three years prior to their engagement herein. During that time period, Canaccord acted as an underwriter in Luna's $20 million public offering of shares that was completed on February 25, 2014. Canaccord also acted as an underwriter in Sandstorm's $150 million public offering of units that was completed on September 7, 2012. In addition, Canaccord provided Sandstorm financial analysis and advice for the restructuring of the Donner Metals Ltd. 35% interest in the Bracemac-McLeod Mine to a net smelter return royalty announced on September 3, 2013. Otherwise, Canaccord has not acted as a financial advisor, agent, underwriter, or in any other capacity for Luna.

Canaccord acts as a trader and dealer, both as principal and agent, in all Canadian and U.S. financial markets and, in such capacity, may have had, or in the future may have, positions in the securities of the Interested Parties and, from time to time, may have executed, or in the future may execute, transactions on behalf of the Interested Parties or other clients for which it received or may receive compensation. In addition, as an investment dealer, Canaccord conducts research on securities and may, in the ordinary course of business, be expected to provide research reports and investment advice to its clients on issues and investment matters, including research and advice on one or more of the Interested Parties or the Luna Restructuring Transactions.

There are no understandings, agreements or commitments between Canaccord and any Interested Party with respect to any future financial advisory or investment banking business. Canaccord may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for any Interested Party.

Scope of Review

In arriving at its opinion, and performing the related financial analysis, Canaccord reviewed the following:

- Draft copy of the letter of intent as of March 24, 2015;
- Conducted a number of detailed discussions with Luna's management regarding the past and current operations, financial condition and prospects of Luna;
- Interviews and discussions with various members of the executive and operating management of Luna, the Special Committee, the Luna Board and legal counsel to the Special Committee and Luna;

- Reviewed certain data room materials and information provided to various interested parties performing their due diligence exercise in relation to an investment in or potential acquisition of Luna;
- Internal resource estimates, confidential models and conceptual scoping studies provided by management that were completed by both outside consultants and Luna;
- Other indicative term sheets that were submitted as part of the strategic review process;
- Budgets and financial statement forecasts of and prepared by Luna for 2014 and 2015, provided by management;
- The Management Information Circular of Luna dated May 6, 2014;
- The Annual Information Forms of Luna dated March 28, 2014 and March 12, 2013, respectively;
- The annual reports of Luna (including audited annual financial statements and related management's discussion and analysis) for the years ended December 31, 2014, 2013 and 2012;
- The unaudited interim financial statements and related management's discussion and analysis of Luna for the quarters ending September 30, 2014, June 30, 2014, March 31, 2014;
- Financial and operating models of Luna provided by management;
- Financial terms of certain other transactions considered by Canaccord to be relevant;
- Certain other material agreements and documents related to the Luna Restructuring Transactions;
- Certain publicly available financial and other information concerning Luna and that Canaccord considered to be relevant for the purposes of its analysis;
- Certain press releases from Luna that Canaccord considered to be relevant for purposes of its analysis;
- Historical market prices and valuation multiples for the common shares of Luna, and comparisons of such prices and multiples with publicly available financial data concerning certain publicly traded companies that Canaccord considered to be relevant for purposes of its analysis;
- Certain published investment dealer research on Luna and the respective target prices;
- Public information with respect to other transactions of a comparable nature that Canaccord considered to be relevant for purposes of its analysis; and
- Certain other documents filed by Luna on the SEDAR that Canaccord considered to be relevant for purposes of its analysis.

General Assumptions and Limitations

Canaccord was not asked to prepare and did not prepare a formal valuation of Luna or any of their respective securities or assets and the Canaccord Fairness Opinion should not be construed as such. Canaccord has, however, conducted such analyses as it considered necessary in the circumstances. In addition, the Canaccord Fairness Opinion is not, and should not be construed as, advice as to the price at which the Luna Shares may trade at any future date. Canaccord similarly was not engaged to review any legal, tax or accounting aspects of the Luna Restructuring Transactions. Canaccord relied upon, without independent verification or investigation, the assessment by Luna and its legal, tax, regulatory and accounting advisors with respect to legal, tax, regulatory and accounting matters. The Canaccord Fairness Opinion addresses only the fairness, from a financial point of view, of the consideration to Luna's Shareholders, excluding Sandstorm, and does not address any other aspect or implication of the Luna Restructuring Transactions.

Canaccord relied upon and has assumed the completeness, accuracy and fair presentation of all of the financial and business plans, forecasts, projections, estimates and budgets and other information, data, advice, opinions and representations obtained by it from public sources or provided to it by or on behalf of Luna and its directors, officers, agents and advisors or otherwise (collectively, the "**Information**") and Canaccord assumed that this Information does not omit any material fact or any fact necessary to be stated to make that Information not misleading. The Canaccord Fairness Opinion is conditional upon the completeness, accuracy and fair presentation of such Information including the absence of any undisclosed material change, and subject to the exercise of professional judgment and except as expressly described in the Canaccord Fairness Opinion, Canaccord has not attempted to independently verify or investigate the completeness, accuracy or fair presentation of any of the Information.

In its analysis and in connection with the preparation of the Canaccord Fairness Opinion, Canaccord has assumed that all conditions precedent to the completion of the Luna Restructuring Transactions can be satisfied or waived and that the Luna Restructuring Transactions can proceed as scheduled and without material additional cost to or liability to Luna and to third parties, that the procedures being followed to implement the Luna Restructuring Transactions are valid and effective and all required documents will be distributed to the Luna Shareholders in accordance with applicable laws.

Canaccord has also made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Luna.

Canaccord Fairness Opinion

Canaccord provided an opinion to the Special Committee to the effect that, as at the date thereof and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by Luna Shareholders is fair from a financial point of view to Luna Shareholders excluding Sandstorm.

Evans & Evans Valuation Report

Luna engaged Evans & Evans to provide an independent opinion as to the fair market value of the marginal costs associated with the Gold Stream Restructuring as at March 19, 2015. The full text of the Evans & Evans Valuation Report, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Evans & Evans Valuation Report, is attached hereto as Appendix G. The summary of the Evans & Evans Valuation Report described herein is qualified in its entirety by reference to the full text of the Evans & Evans Valuation Report.

Under the terms of its engagement letter with Evans & Evans, Luna has agreed to pay fees for Evans & Evans services in preparation of the Evans & Evans Valuation Report. The Evans & Evans Valuation Report is not a recommendation to any Luna Shareholder as to how to vote or act on any matter relating to the Luna Restructuring Transactions.

Scope of Review

Evans & Evans reached the conclusions in the Evans & Evans Valuation Report by relying on the following:

- Interviews with Luna's management on multiple occasions to elicit management's actions and business plan of the Company going forward.
- A review of the Gold Stream Agreement.
- A review of the definitive documents for the Gold Stream Restructuring.
- A review of Luna's public disclosure documents for the financial years ended December 31, 2013 and 2014.
- A review of the Company's revised and updated financial model based on the 2013 scoping study which focuses on the development of a mine at the Aurizona Project which can process laterite, saprolite, hard saprolite, transition ore and fresh rock ore.
- A review of information on the natural resource, mining and exploration, silver and gold markets based on various market sources and interviews.

Evans & Evans did not conduct a site visit to the Aurizona Project.

General Assumptions and Liabilities

In preparing the Evans & Evans Valuation Report, Evans & Evans relied extensively on information, materials and representations provided by, and certified to accuracy by, the Company. The full text of the Evans & Evans Valuation Report, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Evans & Evans Valuation Report, is attached hereto as Appendix G.

Evans & Evans also assumed that no material change occurred in the financial position of the Company from the date of the report to the date of Luna's most recent financial statements, that all interest and principal payments under the Sandstorm Debenture will be paid in cash, closing of the Gold Stream Restructuring in a timely manner, that the Pacific Roads Offering and the Offering will close for the full amount, that Luna's holds sufficient title to its properties, and certain other assumptions relating to tax treatment and Luna's other existing liabilities.

Evans & Evans will not assume any responsibility or liability for losses incurred by Luna and Luna Shareholders as a result of the circulation, publication, reproduction or use of the Evans & Evans Valuation Report.

Conclusion

In connection with this mandate, Evans & Evans provided a valuation report to the Luna Board to the effect that, as at the date thereof and subject to the assumptions, limitations and qualifications contained therein, it is reasonable for Evans & Evans to outline that the fair market value of the cost savings of the Gold Stream Restructuring are in the range of $11.1 – $11.9 million.

The Luna Board urges Luna Shareholders to read the Evans & Evans Valuation Report carefully and in its entirety.

Interests of Directors and Officers of Luna in the Luna Restructuring Transactions

In considering the recommendation of the Luna Board, Luna Shareholders should be aware that members of the Luna Board and the executive officers of Luna have interests in the Luna Restructuring Transactions or may receive benefits that may differ from, or be in addition to, the interests of Luna Shareholders generally. These interests and benefits are described below.

All benefits received, or to be received, by Directors or executive officers of Luna as a result of the Luna Restructuring Transactions are, and will be, solely in connection with their services as Directors or employees of Luna. No benefit has been, or will be, conferred for the purpose of increasing the value of consideration payable to any such person for Luna Shares, nor is it, or will it be, conditional on the person supporting the Luna Restructuring Transactions.

THE DEFINITIVE AGREEMENTS

The Luna Restructuring Transactions will be carried out pursuant to the Definitive Agreements. The following is a summary of the principal terms of the Definitive Agreements. This summary does not purport to be complete and is qualified in its entirety by reference to the Definitive Agreements.

Aurizona and Greenfields Projects NSR Royalty Agreements

On May 7, 2015, Luna, MASA and Sandstorm Canada, entered into the Royalty Agreements. Other than as described herein, the terms of each Royalty Agreement are substantially the same. In consideration for Luna's provision of the Royalty Agreement, and in connection with the entire Gold Stream Restructuring, Luna and Sandstorm have agreed to, on the closing date, terminate the Gold Stream Agreement.

If at any time, Luna wishes to abandon, relinquish or not renew all or any portion of the Projects, then it must provide Sandstorm with 30 days prior written notice upon receipt of which, Sandstorm shall have the right to accept an assignment of all or such portion of the Projects. Sandstorm will also hold a right of first refusal on any future streams, royalty or similar transaction with respect to the Aurizona Project and Greenfields.

Additionally, neither Luna nor MASA, nor Sandstorm, as applicable, may sell, transfer or assign the Projects, any related assets or its interest in the Royalty Agreements, without providing prior written notice to the other parties thereto and receiving a covenant, if applicable, from the acquiring party to abide by the terms of the Royalty Agreements.

Standard covenants are imposed on Luna and MASA by the Royalty Agreements, which include obligations in respect of the royalties and Projects as applicable, payment of taxes and other amounts when due, reporting requirements, including with respect to the Projects, defaults and arbitration. No other negative or financial covenants are set out in the Royalty Agreements.

The Aurizona Project NSR

The Aurizona Project NSR covers the entire Aurizona Project, including the current NI 43-101 compliant resources, and all adjacent exploration upside that is processed through the Aurizona mill net of third party refining costs (including treatment and processor deductions, transportation and insurance but excluding the costs of mining, mine site processing and handling). The maximum allowable deductions from gross smelter returns shall be 5% of the aggregate value of such gross smelter returns. The Aurizona Project NSR is a sliding scale royalty based on the price of gold as follows:

- 3% if the monthly average price of gold is less than or equal to US$1,500 per ounce;
- 4% if the monthly average price of gold is between US$1,500 per ounce and US$2,000 per ounce; and
- 5% if the monthly average price of gold is greater than US$2,000 per ounce.

The Greenfields NSR

The Greenfields NSR covers the 190,073 hectares of exploration ground held by Luna and is for 2% of the gross smelter returns net of third party refining costs (including treatment and processor deductions, transportation and insurance but excluding the costs of mining, mine site processing and handling). The maximum allowable deductions from gross smelter returns shall be 5% of the aggregate value of such gross smelter returns.. Luna has the right to purchase one-half of the Greenfields NSR for US$10,000,000 at any time prior to commercial production.

The Sandstorm Debenture

On the closing date, the Company will issue the Sandstorm Debenture to Sandstorm Canada in the principal amount of US$30,000,000. Portions of the principal amount owing under the Sandstorm Debenture will become due and payable in two equal instalments of US$10,000,000 on each of June 30, 2018 and June 30, 2019, respectively, and the outstanding balance (together with all accrued and unpaid interest thereon) shall fall due and payable on June 30, 2020. The Company may prepay the Sandstorm Debenture prior to its maturity in whole or in part from time to time upon 15 days prior written notice. Interest on the principal amount of the Sandstorm Debenture shall accrue at a rate equal to 5% per annum, compounding quarterly but only payable by Luna on a Principal Repayment Date.

The Sandstorm Debenture includes a grant of security by Luna in favour of Sandstorm Canada, pursuant to which the Company charges and mortgages all of its accounts receivable, all of its shares, interests, rights and participations in the capital of its subsidiaries and any related proceeds. Additionally, each of Aurizona and MASA are required to provide a guarantee of the Company's obligations under the Sandstorm Debenture in favour of Sandstorm Canada, together with, as security for such guaranteed obligations, (i) an assignment of all intercompany receivables owing to it by the Company or any of its subsidiaries and (ii) a pledge of all of its shares, interests, rights and participations in the capital of its subsidiaries.

At Luna's option, on each Principal Repayment Date, Luna shall, subject to certain conditions being met, have the option to convert outstanding principal and interest owing into Luna Shares. Neither party may exercise the Conversion Right if such exercise would result in Sandstorm Canada holding greater than 19.99% of the outstanding Luna Shares (such calculation to be made on a non-diluted basis). The conversion price on any exercise of the Conversion Right shall be equal to the greater of $0.10 per Luna Share and the 20-day volume weighted average trading price of the Luna Shares ending the date before such conversion.

In addition, so long as they retain more than 15% of the outstanding Luna Shares (on a fully diluted basis), Sandstorm will continue to have the right to nominate one of the seven nominees to the Luna Board. Sandstorm will also continue to have, for so long as Sandstorm continues to hold at least a 15% equity ownership interest in Luna (on a fully diluted basis), the right to participate proportionately to its then current equity ownership in Luna in any equity financings of Luna Shares.

Standard covenants are imposed on the Company by the Sandstorm Debenture, which include obligations in respect of payment of the obligations thereunder when due, compliance with laws and contracts, maintenance of corporate existence and books and records, payment of taxes and other amounts when due, carrying on business appropriately and notification to Sandstorm Canada of any default under the Sandstorm Debenture. Additionally, Luna may not consolidate, amalgamate with or merge with or into another entity unless the surviving, merged, reorganized or amalgamated entity assumes of the obligations of the Company set out in the Sandstorm Debenture. No other negative or financial covenants are set out in the Sandstorm Debenture.

The Sandstorm Debenture contains customary events of default, which include payment failure, compliance breach, misrepresentation, insolvency, illegality and the occurrence of a material adverse change to the Company, in each case subject to suitable cure periods and *di minimus* amounts where appropriate.

The Second Restated Loan Agreement

On the closing date, Aurizona (a wholly owned subsidiary of Luna) as a borrower, and MASA and the Company as guarantors, will enter into the Second Restated Loan Agreement with Sandstorm, which agreement will amend and supersede the Original Restated Loan Agreement between the same parties dated as of April 11, 2014.

The principal amount of the Loan provided by Sandstorm to Aurizona under the Second Restated Loan Agreement will be approximately US$23,700,000. The Loan will mature on June 30, 2021, although Aurizona may prepare the Loan, in whole or in part, at any time upon 10 business days' notice without penalty. Any amount repaid by Aurizona may not be re-borrowed. The Loan shall bear interest at a rate per annum of 5%, compounded quarterly in arrears but only due and payable upon maturity of the Loan (or upon a default thereunder). Following an event of default under the Loan, the interest rate shall increase by 5% per annum.

The security provided by Aurizona, MASA and the Company in support of the Original Restated Loan Agreement shall support and secure the obligations of Aurizona and the guarantee obligations of MASA and the Company under the Second Restated Loan Agreement. That security, which remains in full force and effect, includes the guarantees, mineral rights pledge agreements, machinery and equipment pledge agreements and gold pledge agreements each previously granted in favour of Sandstorm by, as applicable, Aurizona, MASA and Luna and each dated April 14, 2014.

Standard covenants shall be imposed on Aurizona, MASA and Luna by the Second Restated Loan Agreement, which include obligations in respect of payment of the Loan as required, maintenance of corporate existence, payment of taxes and other amounts when due, carrying on business appropriately and notification to Sandstorm of any default under the Second Restated Loan Agreement. Additionally, neither Aurizona nor MASA may sell, transfer or assign the Aurizona Project or any related assets (other than the sale of gold from the Aurizona Project in the ordinary course of business) without providing prior written notice to Sandstorm. No other negative or financial covenants are set out in the Second Restated Loan Agreement.

The Second Restated Loan Agreement contains customary events of default, which include payment failure, compliance breach, insolvency and seizure of assets, in each case subject to suitable cure periods and *di minimus* amounts where appropriate. An event of default will also occur under the Second Restated Loan Agreement following the occurrence of a default under the Sandstorm Debenture, the Aurizona Project NSR Royalty Agreement or the Greenfields Project NSR Royalty Agreement. Sandstorm may assign its rights under the Second Restated Loan Agreement following prior written notice of such assignment to Aurizona.

The Intercreditor Agreement

On the closing date, the Intercreditor Agreement will be entered into among the Sandstorm Parties, the Senior Lenders, the Company, Aurizona and MASA. The Intercreditor Agreement relates to the rights and obligations of the parties to, as applicable, the Pacific Road Note, the Aurizona Project NSR Royalty Agreement, the Greenfields Project NSR Royalty Agreement, the Second Restated Loan Agreement and the Sandstorm Debenture and governs the subordination of the indebtedness evidenced thereby and the priority and postponement of the security granted in respect thereof.

Pursuant to the Intercreditor Agreement, the interests of the Sandstorm Parties in the property, assets and undertaking of the Company, Aurizona and MASA which are subject to security granted to the Sandstorm Parties for obligations due under the Aurizona Project NSR Royalty Agreement, the Greenfields Project NSR Royalty Agreement, the Second Restated Loan

Agreement and the Sandstorm Debenture will be subordinated in all respects to the interests of the Senior Lenders under the security granted to them for obligations due under the Pacific Road Note. Similarly, the obligations of the Company, Aurizona and MASA to the Sandstorm Parties under the Aurizona Project NSR Royalty Agreement, the Greenfields Project NSR Royalty Agreement, the Second Restated Loan Agreement and the Sandstorm Debenture will be deferred, postponed and subordinated to the prior repayment of the obligations of the Company, Aurizona and MASA to the Senior Lenders under the Pacific Road Note. Payments may however still be made by the Company, Aurizona and MASA to Sandstorm, as applicable, in respect of:

(i) royalty payments under the Aurizona Project NSR Royalty Agreement and the Greenfields Project NSR Royalty Agreement at any time that the Aurizona Project is producing minerals;

(ii) regularly scheduled payments of interest under the Second Restated Loan Agreement and the Sandstorm Debenture provided that no default or event of default has occurred under the Investment Agreement or would arise thereunder as a result of making such scheduled interest payment; and

(iii) the satisfaction of interest and principal under the Sandstorm Debenture by the issuance of Luna Shares to Sandstorm Canada in accordance with the Sandstorm Debenture.

In addition to the subordination and priority terms described above, and amongst other terms, the Intercreditor Agreement sets out restrictions on the Sandstorm Parties in respect of the enforcement of their security interests against Luna, Aurizona and MASA, as applicable, and the manner (and order of priority) in which the proceeds of any enforcement or realization of any security granted by the Company, Aurizona and MASA in favour of the Sandstorm Parties or the Senior Lenders shall be distributed. Upon the occurrence of an insolvency, bankruptcy, receivership or other similar event in respect of the Company, Aurizona or MASA, the Sandstorm Parties have the option to purchase in cash all of the obligations of the Company, Aurizona and MASA to the Senior Lenders under the Pacific Road Note in accordance with the terms of and pursuant to the process set out in the Intercreditor Agreement.

The Investment Agreement

On May 7, 2015, the Company and Aurizona and MASA as the Guarantors entered into the Investment Agreement with Pacific Road, which agreement sets out the rights and obligations of the parties thereto in respect of the ownership by Pacific Road of the Units, the Pacific Road Note and the other securities issued by the Company in favour of Pacific Road.

Pacific Road has agreed to purchase on closing from the Company 100,000,000 Units issued by the Company (with each unit comprising one Luna Share of the Company and one Series A Warrant) at a price of $0.10 per unit, for an aggregate purchase price of $10,000,000. Pacific Road has also agreed to purchase on closing from the Company the Pacific Road Note in the aggregate principal amount of $20,000,000, together with 200,000,000 Series B Warrants, for an aggregate purchase price of $20,000,000. Both the Series A Warrants and Series B Warrants contain customary anti-dilution provisions.

The net proceeds of the issuance and sale of such Units, Pacific Road Note and both series of warrants will be applied in (i) repayment of the Company's existing indebtedness to Societe Generale (Canada Branch) and Mizuho Corporate Bank Ltd. under a $30,000,000 corporate secured revolving facility agreement in favour of Aurizona, (ii) complete an infill drilling program at the Aurizona Project, and (iii) funding working capital, including in respect of the mine plan, engineering studies and permitting for the Aurizona Project.

The fees payable by the Company in connection with the Pacific Road Offering include (i) reimbursement of Pacific Road's legal, due diligence and evaluation expenses up to an aggregate maximum amount of $300,000, payable on closing, (ii) payment to the manager or advisor of Pacific Road on closing of $200,000 in respect of the purchase of the Units and $800,000 in respect of the purchase of the Pacific Road Note and both series of warrants, and (iii) the Termination Fee of $1,200,000 in the event that the Company does not complete the issuance of the Pacific Road Note, both series of warrants or the Units for any reason (other than a failure by Pacific Road to satisfy their conditions precedent under the Investment Agreement) or the Company enters into any other financing arrangement, business combination, acquisition, merger or asset sale with a third party prior to closing of the Pacific Road Offering.

The obligations of the Company under the Pacific Road Note are subject to senior security granted by both the Company and the Guarantors. In support of the obligations of the Company under the Pacific Road Note, the Guarantors have each agreed to provide a guarantee in favour of Pacific Road. As security for the obligations of the Company to Pacific Road under the

Pacific Road Note and the obligations of the Guarantors under such guarantees, each of the Company and the Guarantors has agreed to grant to Pacific Road encumbrances over their and their subsidiaries' right, title and interest in and to (i) all real property interests relating to the Aurizona and Greenfields Projects, including the relevant properties, the minerals thereon and the production therefrom, (ii) shares in the capital of (or other ownership interests in) each Guarantor and in respect of any warrants, options, rights or other interests for the purchase of such shares in the capital of each Guarantor, and (iii) all other assets and property, including equipment and other personal property.

Pacific Road's obligations to purchase the Pacific Road Note, both series of warrants and the Units on closing are subject to numerous conditions. These conditions include customary closing conditions, such as delivery of appropriate corporate authorizations, supporting documentation and satisfactory legal opinions. There are also customary conditions regarding compliance with relevant authorizations and consents, adherence with the terms of the Investment Agreement, the Pacific Road Note and other related documentation, the absence of any material adverse change and the absence of any outstanding defaults by the Company or the Guarantors. Additionally, the indebtedness of Aurizona to Societe Generale (Canada Branch) and Mizuho Corporate Bank Ltd. under a $30,000,000 corporate secured revolving facility will have had to have been repaid and discharged, while the Pacific Road Note, the Aurizona Project NSR Royalty Agreement, the Greenfields Project NSR Royalty Agreement, the Second Restated Loan Agreement, the Sandstorm Debenture and any related documentation, including the above-mentioned security and the Intercreditor Agreement, will need to have been signed and delivered (and, in the case of any security, perfected in accordance with the terms of the Investment Agreement).

Among the positive covenants and reporting requirements imposed on the Company (and in some cases the Guarantors) by the Investment Agreement are the following – noting that the reporting obligations of the Company, including those summarized in paragraphs (v) and (vi) below, cease if Pacific Road together with its affiliates hold less than 10% of the Luna Shares of the Company:

(i) to engage solely in the business of developing and operating the Aurizona and Greenfields Projects and activities incidental thereto;

(ii) to comply in all material respects with all applicable laws and regulations, all permits in respect of the Aurizona and Greenfields Projects (which permits are to be maintained in full force and effect) and all material agreements and instruments to which it and its subsidiaries are party;

(iii) to maintain insurance that adequately covers liabilities and property damage or loss and under which, in respect of insurance policies that relate to the Aurizona and Greenfields Projects, the collateral agent is named as loss payee or additional insured, as applicable;

(iv) to ensure that on or prior to becoming a subsidiary of the Company or a Guarantor, any such entity deliver a guarantee in favour of Pacific Road, accede to the Investment Agreement, grant (and perfect) any necessary security to Pacific Road and provide other conditions precedent documentation as Pacific Road may request;

(v) to keep Pacific Road informed of all aspects of the Aurizona and Greenfields Projects, with the right of Pacific Road to enter any property of the Company on reasonable notice and to consult with key personnel of the Company and its subsidiaries, including rights of Pacific Road to (at their own cost and expense) conduct site visits to the Aurizona and Greenfields Projects accompanied by updated information regarding drilling results, permitting status, power consumption and other technical aspects of the Aurizona and Greenfields Projects; and

(vi) to provide monthly, quarterly and annual reports and financial accounts or statements of the Company to Pacific Road within a set period of time after each such period, as well as an annual business plan of the Company.

Among the negative covenants imposed on the Company (and in most cases the Guarantors) by the Investment Agreement are the following restrictions:

(i) neither the Company nor the Guarantors, nor any of their subsidiaries, shall create, incur, assume, agree to or suffer to exist any indebtedness. Exceptions to this restriction include (a) indebtedness that is secured by certain customary permitted encumbrances of the Company and the Guarantors, (b) unsecured account trade payables, bank overdrafts and other similar unsecured indebtedness incurred in the ordinary course of business, (c) unsecured, subordinated intra-group indebtedness; (d) indebtedness owed to Pacific Road for a working capital facility of the Company in the principal amount of no more than $2,000,000; (e) indebtedness approved in

writing by Pacific Road; and (f) other indebtedness of the Company, the Guarantors and their subsidiaries which does not exceed in the aggregate $500,000 or its equivalent;

(ii) neither the Company nor the Guarantors, nor any of their subsidiaries, shall create, grant, incur, assume, agree to or suffer to exist any encumbrance upon or with respect to any of its properties or assets (including any of its interests in the Project) or assign or otherwise convey any right to receive the production, proceeds or income from any of its property or assets (including the Project, save in respect of the sale of mineral production therefrom), other than certain customary permitted encumbrances;

(iii) neither the Company nor the Guarantors, nor any of their subsidiaries, shall assume, guarantee, endorse or otherwise become contingently liable in connection with any indebtedness of any other person. Exceptions to this restriction include (a) certain customary permitted encumbrances; (b) guarantees of endorsements of negotiable instruments for deposit or collection or similar transactions; (c) performance or similar bonds guaranteeing performance by the Company, a Guarantor or one of their subsidiaries; (d) any guarantee given in respect of netting or set-off arrangements in connection with deposit, securities or futures accounts or general banking activities; and (e) any other guarantee or indemnity where the aggregate liability of the Company, the Guarantors and their subsidiaries (when aggregated with any other such guarantees or indemnities) does not exceed $500,000 or its equivalent;

(iv) neither the Company nor the Guarantors, nor any of their subsidiaries, shall sell, transfer, assign or otherwise dispose of any material assets or properties, except for a disposal of assets for cash where the net consideration receivable for such disposal (when aggregated with the net consideration receivable for any other such disposals) does not exceed $500,000 or its equivalent in any financial year; nor shall the Company, the Guarantors or any of their subsidiaries enter into any streaming, offtake, supply, sale or other transaction relating to the sale, conveyance, transfer or grant of an interest in metals produced at the Aurizona and Greenfields Projects without the prior written approval of Pacific Road;

(v) the Company shall not declare, accrue or pay any dividends or buy back any of its shares or otherwise reduce its capital while any of the Pacific Road Note (or other amounts under the Investment Agreement) remain outstanding and unpaid;

(vi) no Guarantor nor any of their subsidiaries shall sell, transfer or issue any equity interest, except for the sale, transfer or issuance of equity interests to the Company or a Guarantor which are subject to Pacific Road's security;

(vii) neither the Company nor the Guarantors, nor any of their subsidiaries, shall materially amend, modify, supplement or revise the work program and budget for the Aurizona and Greenfields Projects without the prior written consent of Pacific Road; nor shall the Company, the Guarantors or any of their subsidiaries agree to, accrue or make any expenditure in excess of $100,000 individually or $500,000 in the aggregate (unless such expenditure is included in and described in the work program and budget);

(viii) without the prior consent of Pacific Road, neither the Company nor the Guarantors, nor any of their subsidiaries, shall change its capital structure, amend its articles of incorporation or other constating documents, or amalgamate, merge, reorganize, consolidate with or transfer all of its assets to any other person; and

(ix) neither the Company nor the Guarantors shall enter into any new hedging agreements.

In addition to the covenants listed above, pursuant to the Investment Agreement and in partial consideration of the Pacific Road Offering, the Company has granted Pacific Road the following rights from and after closing of the Pacific Road Offering:

(i) Luna Board Representation:

(1) the right to nominate to serve on the Luna Board that number of individuals as is proportionate to the proportion of outstanding Luna Shares held by Pacific Road (to be calculated on a partially diluted basis, assuming full exercise of the Series B Warrants held by Pacific Road), provided that unless

Pacific Road holds greater than 50% of the outstanding Luna Shares, it shall not be entitled to nominated more than 50% of the individuals serving on the Luna Board;

(2) for so long as Pacific Road holds at least 10% of the outstanding Luna Shares (to be calculated on a partially diluted basis, assuming full exercise of the Series B Warrants held by Pacific Road), Pacific Road shall have the right to nominate at least one individual to serve on the Luna Board;

(3) the Luna Board shall constitute a technical steering committee for the Projects responsible for reviewing annual work plans for the Project and presenting recommendations to the Luna Board with respect to the same, the terms of reference for such committee to be agreed upon by the Company and Pacific Road, to be comprised of five members (who may or may not be members of the Luna Board, two of whom shall be nominated by Luna, two of whom shall be nominated by Pacific Road and one of whom shall be nominated by Sandstorm; and

(4) subject at all times to independency requirements of applicable securities laws, to obligations owed to Sandstorm in respect of Sandstorm's Luna Board rights, and to regulatory approval, that the Luna Board consist of not more than seven directors.

(ii) Non-Dilution:

(1) for as long as Pacific Road holds at least 5% of the outstanding Luna Shares (to be calculated on a partially diluted basis, assuming full exercise of the Series B Warrants held by Pacific Road), if Luna completes an issuance of additional Luna Shares, or additional securities convertible into Luna Shares, Pacific Road shall have the right to purchase that number of additional Luna Shares to maintain their proportionate interest in the Company (to be calculated on a partially diluted basis, assuming full exercise of the Series B Warrants held by Pacific Road) (in each instance, a "**Non-Dilution Sale**");

(2) for each Non-Dilution Sale, no selling agent or broker shall be entitled to any fees for the additional Luna Shares purchased by Pacific Road; however, Pacific Road shall be entitled to a fee equal to 3.0% of the aggregate purchase price paid by Pacific Road in the Non-Dilution Sale; and

(3) Pacific Road's right to purchase additional Luna Shares pursuant to a Non-Dilution Sale shall not apply to issuances of additional Luna Shares pursuant to (A) the exercise of convertible securities existing prior to execution of the Investment Agreement (which for greater certainty, does not include issuances pursuant to the Sandstorm Debenture), (B) the Offering, and (C) the exercise of securities issued under any equity compensation plan of the Company, provided that such plan has received the approval of Luna Shareholders.

(iii) Registration Rights – Demand Rights:

(1) for as long as Pacific Road holds at least 10% of the outstanding Luna Shares (to be calculated on a partially diluted basis, assuming full exercise of the Series B Warrants held by Pacific Road), Pacific Road shall have the right at any time to require the Company to file a prospectus with any Canadian securities commission to qualify for distribution any or all of the Luna Shares held by Pacific Road (the "**Demand Right**").

(2) Pacific Road shall only be entitled to exercise the Demand Right one time;

(3) if Pacific Road provides the Company with notice of its intent to exercise the Demand Right, and, in the opinion of the Luna Board, the filing of a prospectus at such time would materially impede the Company's ability to consummate a significant transaction, or, there exists material non-public information relating to the Company that would be serious detrimental to the Company at such time, the Company may defer Pacific Road's exercise of the Demand Right for a period of 90 days; and

(4) any such exercise of the Demand Right may be, but is not required to be, made pursuant to the terms of an underwriting agreement between the Company, Pacific Road and the underwriters of such offering.

(iv) Registration Rights – Piggyback Rights:

(1) for as long as Pacific Road holds at least 10% of the outstanding Luna Shares (to be calculated on a partially diluted basis, assuming full exercise of the Series B Warrants held by Pacific Road), if at any time Luna proposes to file a prospectus with any Canadian securities commission in connection with a public offering of Luna Shares (a "**Public Offering**"), then Pacific Road shall have the right to require Luna to include outstanding Luna Shares owned by Pacific Road in such Public Offering;

(2) any such Public Offering will be subject to the terms of an underwriting agreement between the Company, Pacific Road and the underwriters of such Public Offering; and

(3) subject to certain conditions, including the terms of the applicable underwriting agreement, the number of Luna Shares owned by Pacific Road to be included in any Public Offering shall be at the discretion of Pacific Road, provided that if the Public Offering is initiated by Luna or by another Luna Shareholder with similar registration rights, the allocation of Luna Shares under such Public Offering shall be first provided to either Luna or such other Luna Shareholder, as applicable, and then to Pacific Road.

The Pacific Road Note

On the closing date, the Company will issue the Pacific Road Note in the aggregate principal amount of $20,000,000 to Pacific Road. The Pacific Road Note will be issued to Pacific Road in connection with the respective rights and obligations of Pacific Road and the Company under the Investment Agreement. At its discretion, Pacific Road may divide the principal owing under the Pacific Road Note under one or more forms of Pacific Road Note, with each such form containing identical terms and conditions.

Unless repaid by the Company prior to maturity or otherwise repaid on demand following an event of default by the Company, the Pacific Road Note will be due and payable at 5:00 p.m. (Toronto time) on June 30, 2020. The Company may, at its discretion, at any time following the exercise by a Pacific Road holder of Series B Warrants for cash consideration, prepay all or part of the principal amount of the Pacific Road Note (together with all accrued but unpaid interest thereon) with all or part of the proceeds of such sale of Luna Shares to that Pacific Road, upon giving three business days prior written notice.

Interest on the unpaid principal amount of the Pacific Road Note in the amount of 10% per annum (which may be increased to 15% per annum in certain circumstances, such as an event of default by Luna) is payable by the Company quarterly in arrears on March 31, June 30, September 30 and December 31 of each year and on the maturity of the Pacific Road Note. At the sole discretion of Pacific Road, with five days prior written notice, the Company shall satisfy accrued but unpaid interest due to Pacific Road on the next interest payment date by issuance to Pacific Road on such interest payment date of Luna Shares. The number of Luna Shares to be so issued shall be determined by Pacific Road by dividing (i) the aggregate amount of the accrued but unpaid interest as of the applicable interest payment date by (ii) the volume-weighted average trading price of the Luna Shares on the TSX for the five trading days immediately prior to that interest payment date.

The Pacific Road Note, or the Pacific Road Notes, as applicable, may, subject to applicable securities laws, be transferred by Pacific Road to any of its affiliates, to any investment fund to which it or its affiliates provide management or advisory services and to any trustee, partner or shareholder of such investment fund. Any other transfer of the Pacific Road Note requires the consent of the Company, not to be unreasonably withheld.

The Pacific Road Note is subject to customary events of default. These include failures by the Company to make payments to Pacific Road or (subject to any grace periods) to any other creditors or to comply with the terms of the Pacific Road Note or any other debt or financing instruments. These also include cross defaults under the Company's other indebtedness (including the Company's obligations to Sandstorm), cessation of business or abandonment of the Project by the Company or its subsidiaries, standard insolvency events, misrepresentation, adverse judgment, material adverse effect or a change of control in the Company. Where appropriate, these defaults are allayed by suitable cure periods and *di minimus* amounts.

RISK FACTORS

In assessing the Luna Restructuring Transactions, Luna Shareholders should carefully consider the risks described in the Luna AIF incorporated by reference in this Circular which are filed on SEDAR, together with the other information contained in or incorporated by reference into this Circular. Additional risks and uncertainties, including those currently unknown to or considered to be not material by Luna, may also adversely affect the business of Luna. The Luna Restructuring Transactions, operations of Luna and the Luna Shares are subject to certain risks including the following:

Risks Related to the Luna Restructuring Transactions

Completion of the Luna Restructuring Transactions is subject to several conditions that must be satisfied or waived.

Completion of the Luna Restructuring Transactions is subject to a number of conditions. There can be no certainty, nor can Luna provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. In addition, there are a number of other conditions precedent to the Luna Restructuring Transactions which are outside the control of Luna, including, but not limited to, Luna Shareholder Approval and required regulatory and third party approvals and consents. See "*The Luna Restructuring Transactions – Conditions Precedent to the Luna Restructuring Transactions*" in this Circular.

If for any reason the conditions to the Luna Restructuring Transactions are not satisfied or waived and the Luna Restructuring Transactions are not completed, the market price of Luna Shares may be adversely affected.

Completion of the Gold Stream Restructuring is subject to several conditions that must be satisfied or waived.

Completion of the Gold Stream Restructuring is subject to a number of conditions. There can be no certainty, nor can Luna provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. In addition, there are a number of other conditions precedent to the Gold Stream Restructuring which are outside the control of Luna, including, but not limited to, Luna Shareholder Approval, completion of the Pacific Road Offering and the Offering raising gross proceeds of at least $20,000,000 in equity financing and required regulatory and third party approvals and consents. See "*The Luna Restructuring Transactions – Conditions Precedent to the Luna Restructuring Transactions*" in this Circular.

If for any reason the conditions to the Gold Stream Restructuring are not satisfied or waived and the Gold Stream Restructuring is not completed, the market price of Luna Shares may be adversely affected.

The issuance of a significant number of Luna Shares could adversely affect the market price of Luna Shares.

If the Luna Restructuring Transactions are completed, a significant number of additional Luna Shares will be available for trading in the public market and a significant number of additional Luna Shares will be issuable on conversion or exercise of securities convertible into or exercisable for Luna Shares. The increase in the number of Luna Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Luna Shares.

The Definitive Agreements may be terminated by Sandstorm, Pacific Road or Luna in certain circumstances, in which case the market price for Luna Shares may be adversely affected.

Each of Sandstorm, Pacific Road and Luna has the right to terminate the Definitive Agreements in certain circumstances. Accordingly, there is no certainty that the Definitive Agreements will not be terminated by a party to such agreements before the completion of the Luna Restructuring Transactions.

If all or any one of Definitive Agreements is terminated, there can be no assurance that the Luna Board will be able to find, negotiate and complete a financing prior to the expiration of the forbearance period to the Credit Agreement, that the Luna Board will be able to negotiate an extension of such period, or that the Luna Board will be able to secure another strategic alternative transaction.

Luna's significant shareholders could influence Luna's business practices.

To the Company's knowledge, upon closing of the Luna Restructuring Transactions, and assuming completion of the Equity

Offering for the full amount, Pacific Road and Sandstorm will hold, directly or indirectly, approximately 25.54% and 19.93% respectively, of the outstanding Luna Shares, on a non-diluted basis. Following closing, Pacific Road and Sandstorm will also hold a number of convertible securities that are convertible or exercisable into additional Luna Shares.

For more detailed information on Pacific Road and Sandstorm's holdings of Luna Shares following closing of the Luna Restructuring Transactions, including information relating to such holdings on a non-diluted, partially diluted, and fully diluted basis, see "*Post-Restructuring Shareholdings and Principal Luna Shareholders*".

So long as they retain more than 10% the outstanding Luna Shares (on a partially diluted basis), Pacific Road will have the right to nominate three of the seven nominees to Luna's Board and, so long as they retain more than 10% of the outstanding Luna Shares (on a fully diluted basis) Sandstorm will have the right to nominate one of the nominees.

In addition, both Pacific Road and Sandstorm will have significant influence over the passage of any resolution of Luna Shareholders (such as would be required, to amend our constating documents or take certain other corporate actions) and will, for all practical purposes, be able to ensure the passages of such resolution by voting for it or prevent the passage of any such resolution by voting against it. Luna will also be bound by various positive and negative covenants contained in the Definitive Agreements, as described elsewhere herein, which may limit management's ability to conduct Luna's business and operations.

The effect of this influence by Pacific Road and Sandstorm may be to limit the price that other investors are willing to pay for Luna Shares.

Sales of Luna Shares by Luna's significant shareholders could adversely affect the market price of Luna Shares.

To the Company's knowledge, upon closing of the Luna Restructuring Transactions, and assuming completion of the Equity Offering for the full amount, Pacific Road and Sandstorm will hold, directly or indirectly, approximately 25.54% and 19.93% respectively, of the outstanding Luna Shares, on a non-diluted basis. Following closing, Pacific Road and Sandstorm will also hold a number of convertible securities that are convertible or exercisable into additional Luna Shares.

For more detailed information on Pacific Road and Sandstorm's holdings of Luna Shares following closing of the Luna Restructuring Transactions, including information relating to such holdings on a non-diluted, partially diluted, and fully diluted basis, see "*Post-Restructuring Shareholdings and Principal Luna Shareholders*".

Sales of Luna Shares by either Pacific Road or Sandstorm in the public market (commonly called a "market overhang"), or the perception that such sales could occur, may adversely affect the market for, and the market price of, Luna Shares.

If the Luna Restructuring Transactions are not completed, the Company's senior lenders' agreement to forbear from commencing enforcement actions against the Company and its assets will terminate and the lenders will have the immediate right to commence such actions, including, without limitation, the initiation of legal proceedings that could result in an insolvency proceeding against the Company and its subsidiaries.

Luna's creditors under the Credit Agreement have agreed to extend the existing forbearance period to July 1, 2015. If any of the Sandstorm Resolution, the Pacific Road Resolution or the Offering Resolution is not approved, or the Luna Restructuring Transactions are not completed for any other reason, Luna will continue to seek additional financing proposals and will explore and evaluate all strategic alternatives available to the Company. Luna will also seek an additional extension to the forbearance period under the Credit Agreement.

There can be no assurances that other acceptable transactions will be completed or an additional forbearance period provided. If Luna's senior lenders do not further extend the forbearance period under the Credit Agreement, they will be in a position to declare all amounts owing under the Credit Facility to be immediately due and owing. Unless Luna can obtain financing from another source it will not be able to pay those amounts.

If the Luna Restructuring Transactions are not completed, the Company's senior lenders' agreement to forbear from commencing enforcement actions against the Company and its assets will terminate and the lenders will have the immediate right to commence such actions, including, without limitation, the initiation of legal proceedings that could result in an insolvency proceeding against the Company and its subsidiaries, which would be expected to have a material adverse effect on Luna and the market price of Luna Shares.

Risks Related to Luna's Operations and Industry

Luna may not realize the benefits currently anticipated due to challenges associated with executing the Luna Restructuring Transactions.

The success of Luna following closing will depend in large part on the success of management in continuing Luna's existing operations at the Aurizona Project and its exploration of the Greenfields Projects after closing of the Luna Restructuring Transactions. The failure of Luna to manage its affairs could result in the failure of Luna to realize the anticipated benefits of the Luna Restructuring Transactions and could impair the results of operations, profitability and financial results of Luna.

The overall management in continuing Luna's existing operations and developing the Aurizona and Greenfields Projects, including the effects of completing the Luna Restructuring Transactions and the anticipated changes to the Luna Board, may also result in unanticipated operational problems, expenses, liabilities and diversion of management's time and attention.

The business of mineral property exploration is inherently risky.

The business of exploring for minerals is inherently risky. Few properties that are explored are ultimately developed into producing mines. The business involves significant financial risks over a considerable period of time that even a combination of careful evaluation, experience and knowledge may not eliminate. It is impossible to ensure that the Luna's current or proposed exploration programs on the Greenfields Projects or otherwise will result in commercially viable mining operations.

Commercial viability of developing a mineral reserve or resource depends on a number of factors, such as size and grade of the deposit, proximity to infrastructure, financing costs, social issues and governmental regulations that include regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in Luna not receiving an adequate return on invested capital.

Mineral properties are often non-productive for reasons that cannot be anticipated in advance. Even after the commencement of mining operations, such operations may be subject to risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological formations or conditions, unanticipated metallurgical difficulties, labour disruptions, unavailability of materials and equipment on a timely basis or at all, weather conditions (including historically unforeseen and unpredictable changes in weather patterns such as significantly increased severity of adverse conditions that may be brought about by the phenomenon of climate change), rock bursts, cave-ins or other ground control problems, seismic activity, flooding, water conditions and mineral or concentrate losses. The occurrence of any of the foregoing could result in damage, delays or interruption of production, increases in production costs, monetary losses, legal liability and adverse government action.

The exploration and development of the Luna's properties will require substantial additional financing.

The exploration and development of the properties will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration activities, development or production on any or all of Luna's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to Luna.

The Company will be required to raise additional funds through the issuance of additional equity or debt securities. Current financial conditions globally have been subject to increased volatility. Access to financing has been negatively impacted by recent economic uncertainties and market volatility. These factors may impact the ability of the Company to obtain equity and/or debt financing in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company may not be able to secure appropriate debt or equity financing. If additional capital is raised by the issuance of shares from the treasury of the Company, shareholders may suffer dilution. Future borrowings by the Company or its subsidiaries may increase the level of financial and interest rate risk to the Company as the Company will be required to service future indebtedness. Further, failure to obtain additional financing on a timely basis would adversely affect the ability of the Company to continue as a going concern.

Other Risks Related to Recent Developments

In addition, the following specific risk factors should be considered: (i) the most current resource and reserve update presents a decrease from the previous resource and a withdrawal of the reserve estimates disclosed by the Company, and therefore investors are accordingly cautioned that the Company may not issue an update to the reserves and an inclusion of a reserve update in the future will only be supported by a prefeasibility study on the mine that identifies additional near surface soft saprolite material or establishes the economics of the hard-rock plant; (ii) there is no assurance that the new operational strategy and/or strategic review process will result in a successful outcome, including, without limitation, preserving the economic resources of the Company and/or a value enhancing transaction; (iii) there is no assurance that the Company will be successful in its efforts to retain the qualified technical management it needs in a cost and time efficient manner or at all to face operational challenges disclosed herein; (iv) certain of its permits are not sufficient for the scope of the Company's operations which may result in fines and other possible sanctions; (v) there is no assurance the Company will be able to maintain, renew and obtain all required permits; (vi) the Company may need to relocate part of the road to and part of the village of Aurizona to access part of the ore body, and there is no assurance the Company will be successful in the permitting and social community processes associated with the relocation; (vii) water management issues may not be successfully resolved which may result in preventing mine access and potentially pit wall failures; and (viii) potential transfer pricing issues related to Sandstorm's existing agreements with the Company.

Risks Related to the Luna Shares

Luna's shares are subject to various factors that have historically made Luna share price volatile.

In recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. The market price of the Luna's securities could similarly be subject to wide fluctuations in response to a number of factors, most of which Luna cannot control, including:

- the public's reaction to our press releases, announcements and filings with securities regulatory authorities and those of its competitors;
- changes in market valuations of similar companies;
- investor perception of our industry or prospects;
- additions or departures of key personnel;
- commencement of or involvement in litigation;
- changes in environmental and other governmental regulations;
- announcements by the Luna or its competitors of strategic alliances, significant contracts, new technologies, acquisitions, commercial relationships, joint ventures or capital commitments;
- variations in Luna's quarterly results of operations or cash flows or those of other companies;
- revenues and operating results failing to meet the expectations of securities analysts or investors in a particular quarter;
- changes in securities analysts' recommendations and their estimates of Luna's financial performance;
- future issuances and sales of Luna's securities; and
- changes in general conditions in the domestic and worldwide economies, financial markets or the mining industry.

The impact of any of these risks and other factors beyond Luna's control could cause the market price of the Luna Shares to decline significantly. In particular, the market price of the Luna's shares may be influenced by variations in commodity prices. This may cause share price to fluctuate with these underlying commodity prices, which are highly volatile.

Future sales or issuances of equity securities could decrease the value of Luna's shares, dilute investors' voting power and reduce Luna's earnings per share.

Luna may sell additional equity securities in subsequent offerings (including special shares that have rights and preference potentially superior to those of Luna Shares or through the sale of debt securities or other securities convertible into equity securities) and may issue additional equity securities to finance future acquisitions and other projects and to satisfy its obligations under any loan commitments.

Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for Luna Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and Luna may experience dilution in its earnings per share.

SECURITIES LAWS CONSIDERATIONS

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or business advice to any particular Luna Shareholder. This summary does not include any information regarding Securities Law considerations for jurisdictions other than Canada. Luna Shareholders are urged to obtain independent advice in respect of the consequences to them of the Luna Restructuring Transactions having regard to their particular circumstances.

The following is a brief summary of the Securities Law considerations applicable to the Luna Restructuring Transactions and transactions contemplated thereby.

Canadian Securities Laws

Status under Canadian Securities Laws

Luna is a reporting issuer in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

TSX Listing

Luna Shares currently trade on the TSX.

The TSX regulates the issuance of listed securities, such as the issuance of the any new Luna Shares by the Company. The TSX will require securityholder approval in a number of instances including: (i) where an issuance of listed securities will "materially affect control"; or (ii) where the issuance of listed securities would exceed 25% of the then issued and outstanding securities and the price (or any conversion or exercise price) at which listed securities are to be issued pursuant to any private placement is less than the market price of the listed securities; (iii) where the price (or any conversion or exercise price) at which listed securities are to be issued pursuant to any private placement exceeds the maximum discount prescribed by the TSX; or (iv) where a transaction results in a shareholder holding a majority of a company's voting shares.

Accordingly, Luna will require securityholder approval because closing of the Luna Restructuring Transactions (i) may "materially affect control" of the Company as Luna will issue greater than 20% of its securities to Pacific Road; (ii) issue greater than 25% of the current outstanding Luna Shares at a price (including the conversion and exercise prices) at less than the market price of the Luna Shares; (iii) issue securities at a price (including the conversion and exercise prices) that exceeds the maximum discount prescribed (including, in respect of the Series A and B Warrants, where the exercise price is below the current market price) by the TSX; and (iv) may result in Pacific Road holding a majority of the outstanding Luna Shares. The Luna Restructuring Transactions may, subject to a number of assumptions, result in the issuance of an additional 1,368,000,000 Luna Shares (or greater than 967% of the current outstanding Luna Shares). In addition, it is possible that insiders of Luna may subscribe for all 150,000,000 Units offered to certain existing and new shareholders pursuant to the Offering.

See "*Information Pertaining to Luna Following the Completion of the Luna Restructuring Transactions*".

Consequently, the Company must exclude from the Pacific Road Resolution the votes of any Luna Shareholders who have an 'interest' in the Pacific Road Offering, namely, Pacific Road. As of the Record Date, Luna is informed that Pacific Road does not currently hold any Luna Shares.

The Company must exclude from the Offering Resolution the votes of any Luna Shareholders who have an 'interest' in the Offering, namely, all directors and officers of Luna, Sandstorm and any other insiders, and Pacific Road. In addition, in respect of the Offering Resolution, the votes of any other person who has committed to participate in the Offering prior to May 15, 2015 must also be excluded. All other Luna Shareholders will be permitted to vote on the Pacific Road Resolution and the Offering Resolution.

MI 61-101

MI 61-101 regulates certain types of related party transactions to ensure equality of treatment among security holders and may require enhanced disclosure, approval by a majority of security holders (excluding "interested parties" under applicable Law), independent valuations and, in certain instances, approval and oversight of certain transactions by a special committee of independent directors. The protections afforded by MI 61-101, apply to, among other transactions, "related party transactions" (as defined in MI 61-101), being transactions with a related party, and "business combinations" (as defined in MI 61-101) which may terminate the interests of security holders without their consent.

Pursuant to MI 61-101, and any person who is a "related party" of Sandstorm, are "related parties" of Luna (as defined in MI 61-101) as a consequence of Sandstorm's ownership of securities of Luna carrying more than 10% of the voting rights of the issued and outstanding Luna Shares. As a result, Sandstorm's relationship with Luna requires compliance with the requirements of MI 61-101, including, unless an exemption is available, the requirement to obtain a formal valuation and approval of a majority of the minority of Luna Shareholders.

Formal Valuation

MI 61-101 requires that an issuer obtain a formal valuation for certain related party transactions and business combinations. Accordingly, the Company retained Evans & Evans to provide the Evans & Evans Valuation Report. See Evan & Evans Valuation Report attached as Appendix G.

Minority Approval

MI 61-101 requires that, in addition to any other required security holder approval, a related party transaction is subject to "minority approval" (as defined in MI 61-101) of every class of "affected securities" (as defined in MI 61-101) of the issuer, in each case voting separately as a class. In relation to the Gold Stream Restructuring, the approval of the Sandstorm Resolution will require the affirmative vote of a simple majority of the votes cast excluding all "interested parties" (as defined in MI 61-101), any related party of an "interested party" and any joint actor of either of those two categories.

Accordingly, Luna Shares held by a related party of Luna at the time transaction is agreed to would be excluded from the calculation of the "minority" for purposes of minority approval under MI 61-101. As a result, any Luna Shares held by Sandstorm and its affiliates will be excluded from the minority for this purpose. In addition, any Luna Shares held by a "related party" of Sandstorm or Sandstorm would be excluded from the calculation of the "minority" for purposes of minority approval under MI 61-101.

As a result, the only Luna Shares that will be excluded from the calculation of the minority for purposes of minority approval of the Gold Stream Restructuring are the 28,041,300 Luna Shares held by Sandstorm (or 19.82% of the current outstanding Luna Shares), any related party of Sandstorm, and any joint actor with Sandstorm.

INFORMATION PERTAINING TO LUNA

The following information presented reflects certain selected information of Luna. Further information regarding Luna is set forth in the Luna AIF which is incorporated by reference in this Circular.

Corporate Summary

Luna Gold Corp. was incorporated under the laws of the Province of British Columbia, Canada, on June 24, 1986 under the name Belcarra Resources Ltd. The Company changed its name to Belcarra Motors Corp. on October 12, 1994 and to Predator Ventures Ltd. on September 10, 1997. The Company was continued to the State of Wyoming effective July 14, 1999 and on September 9, 1999, it filed articles of amendment to increase its authorized capital from 100,000,000 Luna Shares with no par value to an unlimited number of Luna Shares with no par value. On November 16, 1999, the Company changed its name

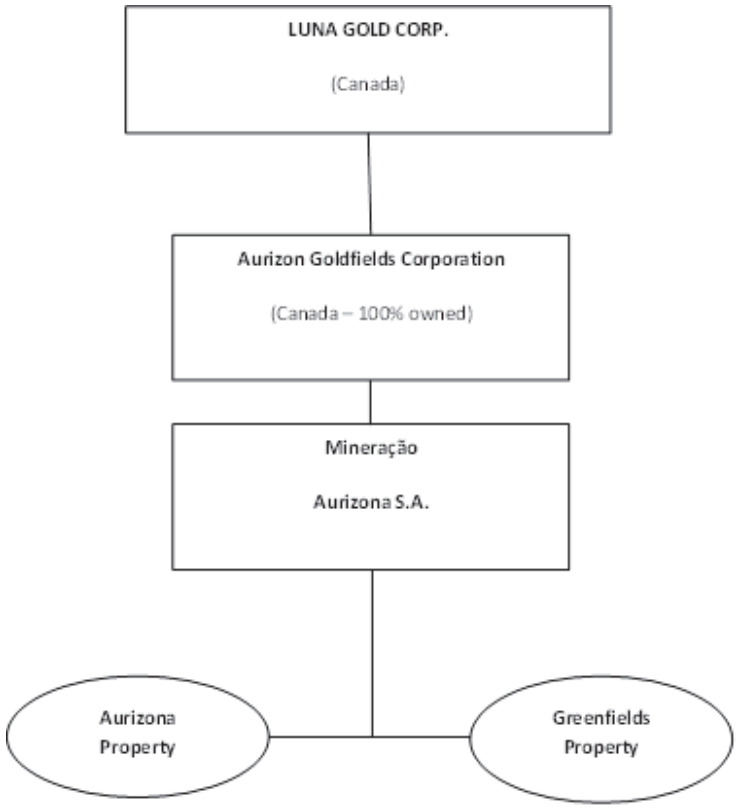
to wwbroadcast.net, Inc. to reflect its streaming media business which it had commenced on July 1, 1999. On December 3, 1999, the Company was registered as an extra-provincial company under the Company Act of British Columbia, Canada. On August 7, 2003, the Company changed its name to Luna Gold Corp. to reflect its current business. On November 24, 2005, the Company continued back into Canada from the State of Wyoming pursuant to the CBCA. In February 2012, the Company amended its articles to effect a consolidation of its Luna Shares on a five for one basis.

The Company's head office and registered office is located at 8th Floor – 543 Granville Street, Vancouver, British Columbia, V6C 1X8, Canada. The Company's telephone number is 604-558-0560.

The Company's main office in Brazil is located at Av. Mário Werneck, 38/42 - 12º. Andar - Bairro Estoril Belo Horizonte/MG, CEP 30455-610, Brazil.

Intercorporate Relationships

The following chart sets forth the names of the subsidiaries of Luna and the jurisdiction of incorporation and the direct or indirect percentage ownership of each such subsidiary:



General Description of Business

The Company is a Canadian publicly listed company on the TSX with its Luna Shares trading under the symbol "LGC". The Company has a secondary listing on the Lima Stock Exchange with its Common Shares trading under the symbol "LGC". The Company is also quoted for listing on the OTCQX International (the United States Over-the-Counter Market) with its Common Shares trading under the symbol "LGCUF". The Company is in the business of mineral exploration, mine development and mine operation and is currently engaged in the acquisition, exploration, development and operation of gold properties in Brazil.

The Company's main mineral project, the Aurizona gold mine consists of an open pit mine and gold processing plant. The Aurizona Project includes the Piaba, Tatajuba, Boa Esperança, Ferradura and Conceição deposits and over 10 near-mine exploration targets which are being actively explored by the Company. The Aurizona Project covers approximately 15,500 hectares of land and includes a mining license and three exploration permits. Commercial production at the Aurizona Project was achieved in 2011. As a result of an unfavorable gold price environment and operational challenges, in February 2015 the Company suspended mining operations at the Aurizona Project pending further technical information and work required to determine the optimum production profile for sustained long life production and associated necessary refinancing activities. Existing stockpiled ore is being processed during the first half of 2015.

The Company also owns the Luna Greenfields exploration property which is located next to Aurizona and consists of an extensive landholding of exploration licenses totalling approximately 190,000 hectares. This land holding is highly prospective due to its location in the southern extension of the Guyana Shield and displays strong geologic and structural similarities to West African gold belts. The project area encompasses over 100 artisanal gold workings that are being explored by the Company.

For additional information with respect to the Company's business, operations and financial conditions, refer to its AIF and annual management's discussion and analysis for the year ended December 31, 2014 available on SEDAR at www.sedar.com.

INFORMATION PERTAINING TO LUNA FOLLOWING THE COMPLETION OF THE LUNA RESTRUCTURING TRANSACTIONS

The following describes the proposed business of the Luna, following the completion of the Gold Stream Restructuring and the Offering. Except where the context otherwise requires, all of the information contained in this section is made on the basis that the Luna Restructuring Transactions have been completed as described in the Circular. Readers should refer to "*Information Pertaining to Luna*" for a description of the current business operations of each of Luna.

Consolidated Capitalization & Capital Structure

The following sets out the expected *pro forma* share capital of Luna following closing of the Luna Restructuring Transactions:

Designation of Security	Amount Authorized	Amount Outstanding on Completion of the Luna Restructuring Transactions[(1)(3)]	Amount Outstanding on Completion of the Luna Restructuring Transactions [(2)]
Common Shares	Unlimited	**391,478,566**	**1,212,037,566**

Notes:

(1) This figure shows the number of Luna Shares which will be issued and outstanding on completion of the Luna Restructuring Transactions, on a non-diluted basis.

(2) This figure shows the number of Luna Shares which will be issued and outstanding on completion of the Luna Restructuring Transactions, on a fully-diluted basis (including the maximum issuable number of Luna Shares pursuant to the Series A & B Warrants and the Sandstorm Debenture). For conversion of the Debenture issued to Sandstorm, a $0.10 conversion price was used for the above figure. This figure assumes completion of the $15,000,000 additional equity Offering for the full offered amount.

(3) From this figure, on a non-diluted basis, approximately 54.5% Luna Shares will be held by current Luna Shareholders (assuming certain current Luna Shareholders participate in the Offering by subscribing for $10,000,000 of Units) and an approximate aggregate total of 45.5% Luna Shares will be held by Sandstorm and Pacific Road. This figure assumes completion of the $15,000,000 additional equity Offering for the full offered amount and assumes Sandstorm participated in the Offering by subscribing for $5,000,000 of Units.

Post-Restructuring Shareholdings and Principal Luna Shareholders

To the knowledge of the Directors and executive officers of the Company, the below tables present information regarding the beneficial ownership or control, directly or indirectly, of Luna Shares by Pacific Road, Sandstorm and other existing Luna Shareholders upon closing of the Luna Restructuring Transactions.

NON-DILUTED BASIS (AT CLOSING)		
Name	**No. of Luna Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly**	**Approximate Percentage of Outstanding Luna Shares**
Pacific Road	100,000,000[1]	25.5%
Sandstorm	78,041,300[2]	19.9%
Other Existing Luna Shareholders	213,437,266[3]	54.5%
Total Issued & Outstanding	391,478,566	

1. Pacific Road has advised that they currently hold no Luna Shares or securities convertible into Luna Shares.
2. Based on early warning report filed on SEDAR dated August 11, 2014, assuming Sandstorm participated in the Offering by subscribing for $5,000,000 of Units.
3. Based on issued and outstanding Luna Shares on the date hereof, assuming certain existing Luna Shareholders participated in the Offering by subscribing for $10,000,000 of Units.

PARTIALLY DILUTED BASIS (OVER LIFE OF DEBT)		
Name	**No. of Luna Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly**	**Approximate Percentage of Outstanding Luna Shares**
Pacific Road	400,000,000[1]	52.2%
Sandstorm	152,402,017[2]	19.9%
Other Existing Luna Shareholders	213,437,266[3]	27.9%
Total Issued & Outstanding	765,839,283	

1. Pacific Road has advised that they currently hold no Luna Shares or securities convertible into Luna Shares, assuming that Pacific Road exercises all Series A and Series B Warrants received in connection with the Pacific Road Offering, but that no interest payments have been satisfied by the issuance of Luna Shares.
2. Based on early warning report filed on SEDAR dated August 11, 2014, assuming Sandstorm participated in the Offering by subscribing for $5,000,000 of Units, and assuming that Sandstorm exercises only that number of Series A Warrants issued to Sandstorm as part of the Offering, and converts only that amount of principal and interest under the Sandstorm Debenture, as would result in Sandstorm maintaining a 19.9% ownership interest in Luna.
3. Based on issued and outstanding Luna Shares on the date hereof, assuming certain existing Luna Shareholders participated in the Offering by subscribing for $10,000,000 of Units, but that existing Luna Shareholders do not exercise any of the Series A Warrants received as part of the Offering.

FULLY DILUTED BASIS (NO INTEREST, OVER LIFE OF DEBT)		
Name	**No. of Luna Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly**	**Approximate Percentage of Outstanding Luna Shares**
Pacific Road	400,000,000[1]	33.0%
Sandstorm	490,981,300[2]	40.5%
Other Existing Luna Shareholders	321,056,266[3]	26.5%
Total Issued & Outstanding	1,212,037,566	

1. Pacific Road has advised that they currently hold no Luna Shares or securities convertible into Luna Shares, assuming that Pacific Road exercises all Series A and Series B Warrants received in connection with the Pacific Road Offering, but that no interest payments have been satisfied by the issuance of Luna Shares.
2. Based on early warning report filed on SEDAR dated August 11, 2014, assuming Sandstorm participates in the Offering by subscribing for $5,000,000 of Units, and assuming that Sandstorm's ownership is no longer constricted to a limit of 19.99% (which restriction, for greater certainty, will be included as a provision in the Sandstorm Debenture and any Series A Warrants issued to Sandstorm as part of the Offering), that Sandstorm exercises all Series A Warrants received in connection with the Offering, and that the principal of the Sandstorm Debenture is converted at $0.10 per Luna Share, but that no interest payments have been converted into Luna Shares.
3. Based on issued and outstanding Luna Shares on the date hereof, and assuming all existing stock options to purchase Luna Shares are exercised, that certain existing Luna Shareholders participate in the Offering by subscribing for $10,000,000 of Units, and that such existing Luna Shareholders exercise all Series A Warrants received in connection with the Offering.

FULLY DILUTED BASIS (WITH INTEREST, OVER LIFE OF DEBT)		
Name	**No. of Luna Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly**	**Approximate Percentage of Outstanding Luna Shares**
Pacific Road	600,000,000[1]	39.8%
Sandstorm	620,981,300[2]	41.1%
Other Existing Luna Shareholders	288,056,266[3]	19.1%
Total Issued & Outstanding	1,509,037,566	

1. Pacific Road has advised that they currently hold no Luna Shares or securities convertible into Luna Shares, assuming that Pacific Road exercises all Series A and Series B Warrants received in connection with the Pacific Road Offering, and that all interest payments have been satisfied by the issuance of Luna Shares at an average conversion price of $0.05.
2. Based on early warning report filed on SEDAR dated August 11, 2014, assuming Sandstorm participates in the Offering by subscribing for $5,000,000 of Units, and assuming that Sandstorm's ownership is no longer constricted to a limit of 19.99% (which restriction, for greater certainty,

will be included as a provision in the Sandstorm Debenture and any Series A Warrants issued to Sandstorm as part of the Offering), that Sandstorm exercises all Series A Warrants received in connection with the Offering, and that the principal and interest of the Sandstorm Debenture is converted at $0.10 per Luna Share at an exchange rate of US$1.00 = C$1.30.

3. Based on issued and outstanding Luna Shares on the date hereof, and assuming all existing stock options to purchase Luna Shares are exercised, that certain existing Luna Shareholders participate in the Offering by subscribing for $10,000,000 of Units, and that such existing Luna Shareholders exercise all Series A Warrants received in connection with the Offering.

The information in the above tables in respect of Luna Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, for each Luna Shareholder assumes completion of the Luna Restructuring Transactions, is based on publicly available information or is based on information furnished to the Company directly by the above Luna Shareholders. The above tables each also assume that no securities issuable pursuant to the Luna Restructuring Transactions have been transferred by their original holders.

Proposed Directors and Executive Officers of Luna

Following the closing of the Luna Restructuring Transactions, the Luna Board is currently contemplated to be (subject to receipt of regulatory approvals) seven individuals, three of whom are expected to be nominees of Pacific Road (as required by the Investment Agreement. See "*Luna Restructuring Transactions – The Investment Agreement*").

Directors will be appointed to the Audit Committee, the Remuneration Committee, the Technical Steering Committee and the Nomination Committee of the Luna following completion of the Luna Restructuring Transactions in accordance with regulatory guidelines and the Definitive Agreements.

Risk Factors

The business and operations of Luna will continue to be subject to the risks currently faced by Luna, including those set out elsewhere in this Circular. See the risk factors set forth in the Luna AIF, which is incorporated by reference herein.

ADDITIONAL INFORMATION

Additional information relating to Luna is available on SEDAR at www.sedar.com. Luna Shareholders may contact Luna at Suite 5600, 100 King St. West, Toronto, Ontario M5X 1C9 to request copies of Luna's financial statements and management's discussion and analysis.

Financial information of Luna is provided in Luna's comparative financial statements and management's discussion and analysis for its most recently completed financial year which are filed on SEDAR.

OTHER MATTERS

Management of Luna is not aware of any other matter to come before the Luna Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Luna Meeting, it is the intention of the persons named in the enclosed Proxy to vote the Luna Shares represented thereby in accordance with their best judgment on such matter.

LUNA DIRECTOR'S APPROVAL

The contents of this Circular and the sending thereof to the Luna Shareholders have been approved by the Luna Board.

DATED at Vancouver, British Columbia this 15th day of May, 2015.

BY ORDER OF THE LUNA BOARD OF DIRECTORS

/s/ "Marc Leduc"
Marc Leduc
President and CEO

GLOSSARY OF TERMS

In this Circular and the Summary, the following capitalized words and terms shall have the following meanings:

"**Advance Notice Policy**" means the Company's Advance Notice Policy as further described in the Circular;

"**Advance Notice Policy Resolution**" means an ordinary resolution to approve the Company's Advance Notice Policy;

"**affiliate**" has the meaning ascribed thereto in the *Securities Act*;

"**AIF**" means annual information form;

"**Articles**" means the Articles of Continuance of Luna;

"**associate**" has the meaning ascribed to such term in the *Securities Act*;

"**Audit Committee**" means the audit committee of Luna;

"**Aurizona**" means Aurizona Goldfields Corporation;

"**Aurizona Project**" means the the Aurizona gold mine;

"**Aurizona Project NSR**" means one of the two net smelter royalty arising under the terms of the Gold Stream Restructuring with Sandstorm as partial consideration for the termination of the Gold Stream Agreement, pursuant to the terms of the Aurizona Project NSR Royalty Agreement;

"**Aurizona Project NSR Royalty Agreement**" means the agreement dated May 7, 2015, between Luna, MASA and Sandstorm, governing the Aurizona Project NSR;

"**Board Rights**" means the rights granted to Pacific Road under the Investment Agreement to appoint nominees to the Luna Board;

"**business day**" means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Toronto, Ontario, or Vancouver, British Columbia;

"**Canadian Securities Authorities**" means the applicable securities commissions and other securities regulatory authorities in each of the provinces of Canada where Luna is a reporting issuer;

"**Canaccord**" means Canaccord Genuity Corp.;

"**Canaccord Fairness Opinion**" means the opinion of Canaccord which provides that, as of the date thereof and subject to the assumptions, limitations and qualifications contained therein, the Luna Restructuring Transactions are fair from a financial point of view, to Luna Shareholders excluding Sandstorm;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended;

"**CEO**" means the chief executive officer;

"**CFO**" means the chief financial officer;

"**COO**" means chief operating officer;

"**Code**" means the Company's Code of Business Conduct and Ethics;

"**Circular**" means this information circular of Luna dated May 15, 2015, including all schedules, appendices and exhibits thereto, to be sent to the Luna Shareholders in connection with the Luna Meeting, as amended, supplemented or otherwise modified from time to time;

"**Company**" means Luna Gold Corp.;

"**Comparator Group**" means industry comparable companies used to develop a list of companies for comparison of compensation levels and practices in the current market;

"**Compensation Committee**" means the Compensation Committee of Luna;

"**Compensation Report**" means a compensation report from an independent compensation consultant, specifically tailored to the Company and its executive officers using the Comparator Group. Each executive officer is evaluated against similar officers in the Comparator Group taking into account executive responsibilities, experience, operating jurisdictions, risk and other factors, including past performance, when evaluating compensation;

"**Computershare**" means Computershare Investor Services Inc.;

"**Contract**" means any contract, agreement, license, franchise, lease, arrangement or other right or obligation to which Luna or any of their respective subsidiaries is a party or by which Luna or any of their respective subsidiaries is bound or affected or to which any of their respective properties or assets is subject;

"**Corporate Governance Guidelines**" means the Company's corporate governance guidelines;

"**Court**" means the British Columbia Supreme Court;

"**Credit Agreement**" means the Company's February 15, 2013 credit agreement, as amended, with Société Générale (Canada Branch), Mizuho Bank Ltd. and the other parties thereto;

"**Debt Offering**" means the issuance of a new $20,000,000 secured promissory note and 200,000,000 Series B Warrants to Pacific Road ;

"**Definitive Agreements**" means the Aurizona NSR Royalty Agreement and Greenfields Project NSR Royalty Agreement, the Sandstorm Debenture, the Second Restated Loan Agreement, the Intercreditor Agreement, the Investment Agreement and the Pacific Road Note;

"**Director**" means a director of Luna;

"**Evans & Evans**" means Evans & Evans Inc.;

"**Evans & Evans Valuation Report**" means the report provided by Evans & Evans Inc., which provides that, as of the date thereof and subject to the assumptions, limitations and qualifications contained therein, it is reasonable for Evans & Evans to outline that the fair market value of the cost savings of the Gold Stream Restructuring are in the range of $11.1 – $11.9 million;

"**forward-looking statements**" means the information in this Circular, except for the statements of historical fact, concerning the business, operations and financial performance and condition of each of Luna in this Circular under *Cautionary Statement Regarding Forward-Looking Statements*;

"**Gold Stream Agreement**" means the Company's May 15, 2009 stream agreement with Sandstorm, Sandstorm Canada and MASA;

"**Gold Stream Restructuring**" means the agreement to terminate and restructure the Gold Stream Agreement for two net smelter return royalties on the Company's Aurizona and Greenfields Projects and to amend the Company's

April 11, 2014, US$20,000,000 amended and restated loan agreement with Sandstorm, MASA and Aurizona Goldfields Corporation to include an additional US$30,000,000 convertible debt facility;

"**Greenfields Project**" means the Luna Greenfields exploration property located next to the Aurizona Project and consisting of an extensive landholding of exploration licenses totaling approximately 190,000 hectares. The project area encompasses over 100 artisanal gold workings that are being explored by the Company;

"**Greenfields NSR**" means one of the two net smelter royalty arising under the terms of the Gold Stream Restructuring with Sandstorm as partial consideration for the termination of the Gold Stream Agreement, pursuant to the terms of the Greenfields Projects NSR Royalty Agreement;

"**Greenfields Project NSR Royalty Agreement**" means the agreement dated May 7, 2015, between Luna, MASA and Sandstorm, governing the Greenfields NSR;

"**IFRS**" means the International Financial Reporting Standards in Canada;

"**including**" means including without limitation, and "**include**" and "**includes**" each have a corresponding meaning;

"**Insider**" has the meaning ascribed thereto under applicable Securities Laws;

"**Intermediary**" an intermediary that a Non-Registered Luna Shareholder deals with in respect of their Luna Shares, including, amongst other, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans;

"**Intercreditor Agreement**" means the Intercreditor Agreement among Sandstorm, Sandstorm Canada, Pacific Road and its affiliates, the Company, Aurizona and MASA. The Intercreditor Agreement relates to the rights and obligations of the parties to, as applicable, the Pacific Road Note, the Aurizona Royalty Agreement, the Aurizona Greenfields Royalty Agreement, the Second Restated Loan Agreement and the Sandstorm Debenture and governs the subordination of the indebtedness evidenced thereby and the priority and postponement of the security granted in respect thereof;

"**Investment Agreement**" means the agreement between the Company, Aurizona, MASA and all of Luna's other subsidiaries as guarantors, and Pacific Road, which agreement sets out the rights and obligations of the parties thereto in respect of the ownership by Pacific Road of the Units, the Pacific Road Note and the other securities issued by the Company in favour of Pacific Road;

"**Issue Price**" means $0.10 per Unit;

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity or self-regulatory authority, and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

"**Loan Agreement**" means the existing Loan Agreement between the Company and Sandstorm;

"**Luna**" means Luna Gold Corp., a corporation existing under the CBCA;

"**Luna Board**" means the board of directors of Luna as the same is constituted from time to time;

"**Luna Meeting**" means the special meeting of the Luna Shareholders, including any adjournment or postponement thereof, to be called and held in to consider and, if thought appropriate, approve the Luna Restructuring Transaction Resolutions;

"**Luna Options**" means the outstanding options to purchase Luna Shares granted under the Luna Stock Option Plan;

"**Luna Option Plan**" means the stock option plan approved by the Luna Shareholders at a meeting of the Luna Shareholders held on May 12, 2011;

"**Luna Restructuring Transactions**" means collectively, the Gold Stream Restructuring, the Pacific Road Offering, the Offering and all ancillary transactions thereto, that Luna Shareholders will be asked to approve at the Luna Meeting;

"**Luna Shareholder Approval**" means the approval of the Luna Restructuring Transactions by Luna Shareholders, as more particularly described in this Circular;

"**Luna Shareholders**" means the holders of outstanding Luna Shares;

"**Luna Shares**" means the common shares of Luna as currently constituted;

"**Majority Voting Policy**" means Company's Majority Voting Policy as further described in the Circular;

"**Management Proxyholder**" means the Directors and officers of Luna printed in the Proxy;

"**MASA**" means Mineracao Aurizona S.A., a wholly owned subsidiary of Luna;

"**material fact**" has the meaning ascribed thereto in the *Securities Act*;

"**MD&A**" means the management's discussion and analysis of the results of operations and financial condition;

"**Meeting Materials**" means, collectively, the Notice of Meeting, this Circular, the Letter of Transmittal for Luna Shareholders and the Proxy or VIF, as applicable;

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions;*

"**NEO**" means a named executive officer;

"**NI 43-101**" means Canadian National Instrument 43-101 - *Standards of Disclosure for Mineral Projects;*

"**NI 52-110**" means Canadian National Instrument 52-110 – *Audit Committees*;

"**NI 54-101**" means Canadian National Instrument 54-101 – *Communication with Beneficial Owner of Securities of a Reporting Issuer*;

"**NI 58-101**" means Canadian National Instrument 58-101 – *Disclosure of Corporate Governance Practices;*

"**NP 58-201**" means Canadian National Policy 58-201 – *Corporate Governance Guidelines*;

"**NOBOs**" means non-objecting beneficial owners who do not object to Intermediaries disclosing information about their identity and ownership in their shares;

"**Non-Registered Luna Shareholder**" means Luna Shareholders whose shares are not registered in their name but are registered in the name of an Intermediary or a clearing agency, and as described in this Circular under *General Information Concerning Luna Meeting and Voting – Non-Registered Luna Shareholders*;

"**Notice of Meeting**" means the notice of the Luna Meeting, as applicable, setting out the time, location and purpose of the respective meetings;

"**NSR**" means net smelter return;

"**NSR Royalties**" means the Aurizona Project NSR and the Greenfields NSR;

"**OBOs**" means objecting beneficial owners who object to Intermediaries disclosing information about their identity and ownership of their shares;

"**Offering**" means the private placement offering up to 150,000,000 Units in the capital of the Company to certain new and existing investors at the Issue Price for gross proceeds to the Company of up to approximately $15,000,000;

"**Offering Resolution**" means an ordinary approving the Offering;

"**Option Plan Resolution**" means an ordinary resolution to approve the Luna Option Plan, subject to such amendments, variations or additions as may be approved at the Luna Meeting;

"**Optionee**" means Directors, employees, and consultants, eligible to have equity participation in the Company through the acquisition of Luna Shares;

"**Order**" means a cease trade or similar order, or an order that denied an issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days;

"**ordinary course of business**", "**ordinary course of business consistent with past practice**", or any similar reference, means, with respect to an action taken by a person, that such action is consistent with the past practices of such person and is taken in the ordinary course of the normal day-to-day business and operations of such person; provided that in any event such action is not unreasonable or unusual;

"**ordinary resolution**" means a majority of greater than 50% of the votes cast to approve a motion proposed at a meeting;

"**Pacific Road**" means Pacific Road Resources Fund II and Pacific Road Resources Fund II LP;

"**Pacific Road Equity Offering**" means a private placement offering 100,000,000 Units at the Issue Price for gross proceeds to the Company of up to approximately $10,000,000;

"**Pacific Road Note**" means secured note with a principal amount of $20,000,000 provided to Pacific Road under the Debt Offering. The Pacific Road Note carries an interest rate of 10% per annum, compounded quarterly and payable quarterly in arrears with a maturity date of June 30, 2020, subject to acceleration in certain circumstances. The Company will pay interest in cash only;

"**Pacific Road Offering**" means the Debt Offering together with the Pacific Road Equity Offering;

"**Pacific Road Resolution**" means an ordinary resolution approving the Pacific Road Offering;

"**Permit**" means any license, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Entity;

"**person**" includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"**Proxy**" means the attached form of proxy enclosed with the Circular and Meeting Materials;

"**Proxyholders**" means, collectively, duly appointed holders of Proxies from Registered Luna Shareholders and VIFs from NOBOs and OBOs;

"**Record Date**" means the close of business on May 15, 2015 for determining the Luna Shareholders entitled to receive notice of, and to vote at, the Luna Meeting and any postponement or adjournment of the Luna Meeting;

"**Registered Luna Shareholders**" means a registered holder of Luna Shares as recorded in the shareholder register of Luna maintained by Equity, and as described in this Circular;

"**Related Party**" means: (i) a spouse, parent, grandparent, brother, sister or child of the securityholder; (ii) a company or family trust if all of the voting securities of such company are held by, or all the beneficiaries of such trust are, one or more of the persons referred to in clause (i); (iii) an "associate" or "affiliate" within the meaning of the *Securities Act*; or (iv) a person whose securities are beneficially owned or controlled by substantially similar persons that beneficially own or control the securities of the securityholder;

"**RESP**" means a registered education savings plan;

"**RSU**" means restricted share unit awards under the RSU Plan;

"**RSU Plan**" means the Company's restricted share unit awards plan;

"**RRIF**" means a registered retirement income fund;

"**RRSP**" means a registered retirement savings plan;

"**Sandstorm**" means Sandstorm Gold Ltd.;

"**Sandstorm Canada**" means Sandstorm Gold (Canada) Ltd.;

"**Sandstorm Debenture**" means the US$30,000,000 secured convertible debenture arising under the terms of the Gold Stream Restructuring. The Sandstorm Debenture bears an interest at a rate of 5% per annum, payable in three equal annual tranches of US$10,000,000 plus accrued interest beginning January 1, 2018. Luna will have the right to convert principal and interest owing under the Sandstorm Debenture into common shares of Luna, at a conversion price equal to the greater of $0.10 and the 20-day VWAP of Luna's common shares, so long as such conversion would not result in Sandstorm owning more than 20% of the outstanding common shares of Luna;

"**Sandstorm Resolution**" means an ordinary resolution approving the Gold Stream Restructuring;

"**SEC**" means the United States Securities and Exchange Commission;

"**Second Restated Loan Agreement**" means the Second Restated Loan Agreement among Aurizona, as a borrower, and MASA and the Company, as guarantors, and Sandstorm, which agreement amended and superseded the restated loan agreement between the same parties dated as of April 11, 2014.

"***Securities Act***" means the S*ecurities Act* (British Columbia) or other securities act of the Canadian Securities Authorities, as applicable, and the respective rules, regulations and published policies made thereunder, as now in effect and as may be promulgated or amended from time to time;

"**Securities Laws**" means the *Securities Act*, together with all other applicable provincial securities laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval described in National Instrument 13-101-*"System for Electronic Document Analysis and Retrieval"* of the Canadian Securities Administrators and available for public view at www.sedar.com;

"**Series A Warrant**" means one series A common share purchase warrant having an exercise price of $0.125 and a term of 5 years following Closing.

"**Series B Warrant**" means one series B common share purchase warrant having an exercise price of $0.10 and an expiry date of June 30, 2020.

"**Special Committee**" means the special committee of independent members of the Luna Board with a mandate to explore all strategic alternatives, including the terms thereof, available to the Company to offer greater value to the Luna Shareholders;

"**subsidiary**" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary;

"**Target Bonus**" means the amount that each NEO can earn if the NEO achieves 100% of the performance targets that the Luna Board approves for each NEO;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

"**Taxes**" mean any and all taxes, imposts, levies, withholdings, duties, fees, premiums, assessments and other charges of any kind, however denominated and instalments in respect thereof, including any interest, penalties, fines or other additions that have been, are or will become payable in respect thereof, imposed by any Governmental Entity, including for greater certainty all income or profits taxes (including Canadian federal, provincial and territorial income taxes), payroll and employee withholding taxes, employment taxes, unemployment insurance, disability taxes, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, goods and services taxes, provincial sales taxes, harmonized sales taxes, franchise taxes, gross receipts taxes, capital taxes, business license taxes, mining royalties, alternative minimum taxes, estimated taxes, abandoned or unclaimed (escheat) taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, severance taxes, workers' compensation, Canada, the United States and other applicable government pension plan premiums or contributions and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its subsidiaries is required to pay, withhold or collect, together with any interest, penalties or other additions to tax that may become payable in respect of such taxes, and any interest in respect of such interest, penalties and additions whether disputed or not;

"**Termination Fee**" means a fee of $1,200,000 in the event that the Company does not complete the issuance of the Pacific Road Note, both series of warrants or the Units for any reason (other than a failure by Pacific Road to satisfy their conditions precedent under the Investment Agreement) or the Company enters into any other financing arrangement, business combination, acquisition, merger or asset sale with a third party prior to closing of the Pacific Road Offering;

"**TSX**" means the Toronto Stock Exchange;

"**United States**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

"**Unit**" means one Luna Share and one Series A Warrant;

"**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended;

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended;

"**VIF**" means voting instruction form; and

"**Whistleblower Policy**" means the Company's whistle-blower policy.

APPENDIX A

LUNA OPTION PLAN

LUNA GOLD CORP.

INCENTIVE STOCK OPTION PLAN

ARTICLE I

INTRODUCTION

1.1 Purpose of Plan

The purpose of the Incentive Stock Option Plan is to secure for Luna Gold Corp. (the "Corporation") and its shareholders the benefits of incentives inherent in the share ownership by the directors, employees and consultants of the Corporation and its Subsidiaries who, in the judgment of the board of directors of the Corporation, will be largely responsible for its future growth and success. It is generally recognized that a stock option plan of the nature provided for herein aids in retaining and encouraging employees and directors of exceptional ability because of the opportunity offered to them to acquire a proprietary interest in the Corporation.

1.2 Definitions

(a) "Affiliate" means any corporation that is an affiliate of the Corporation as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*, as may be amended from time to time.

(b) "Associate" with any person or corporation is as defined in the Securities Act.

(c) "Board" means the board of directors of the Corporation, or any committee of the board of directors to which the duties of the board of directors hereunder are delegated.

(d) "Blackout Period" has the meaning ascribed thereto in Section 2.6.

(e) "Change of Control" means the occurrence of any one or more of the following events:

(i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares immediately prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation immediately after completion of the transaction;

(ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the assets, rights or properties of the Corporation and its Subsidiaries on a consolidated basis to any other person or entity, other than transactions among the Corporation and its Subsidiaries;

(iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;

(iv) any person, entity or group of persons or entities acting jointly or in concert (an "Acquiror") acquires, or acquires control (including, without limitation, the right to vote or direct the voting) of, Voting Securities of the Corporation which, when added to the Voting Securities owned of

record or beneficially by the Acquiror or which the Acquiror controls, would entitle the Acquiror and/or Associates and/or Affiliates of the Acquiror, to cast or to direct the casting of 50% or more of the votes attached to all of the Corporation's outstanding Voting Securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors); or

(v) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its Affiliates and another corporation or other entity (a "Transaction"), fewer than 50% of the directors of the Corporation or the successor corporation are persons who were directors of the Corporation immediately prior to the Transaction.

For the purposes of the foregoing definition of Change of Control, "Voting Securities" means Shares and any other shares entitled to vote for the election of directors and, for the purposes of calculating the number of securities of the Corporation owned or controlled by the Acquiror, it shall include any security, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities.

(f) "Corporation" means Luna Gold Corp., a corporation duly incorporated under the *Canada Business Corporations Act*.

(g) "Consultant" has the meaning ascribed to such term under section 2.22 of *National Instrument 45-106 Prospectus and Registration Exemptions* or any successor provisions thereto.

(h) "Director" means a director of the Corporation or any of its Subsidiaries.

(i) "Disability" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:

(i) being employed or engaged by the Corporation, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Corporation or its subsidiaries; or

(ii) acting as a director or officer of the Corporation or its subsidiaries.

(j) "Eligible Person" means any employee, officer, Director or Consultant of the Corporation or any of its Subsidiaries.

(k) "Exchange" means the Toronto Stock Exchange or, if the Shares are not listed on the Toronto Stock Exchange, the principal stock exchange on which the Shares are listed as determined by the Board.

(l) "Holding Company" means a company of which the Optionee holds the majority of the voting securities;

(m) "Insider" has the meaning ascribed thereto in the *TSX Company Manual.*

(n) "Option" shall mean an option granted under the terms of the Plan.

(o) "Option Commitment" means the notice of grant of an Option delivered by the Corporation hereunder to an Optionee and substantially in the form of Exhibit A hereto.

(p) "Option Period" shall mean the period during which an Option may be exercised.

(q) "Optionee" shall mean an Eligible Person to whom an Option has been granted under the terms of the Plan.

(r) "Plan" means this Incentive Stock Option Plan established and operated pursuant to Article II hereof.

(s) "Securities Act" means the *Securities Act* (British Columbia) amended from time to time.

(t) "Share Compensation Arrangement" means the Plan described herein and any other security based compensation arrangements implemented by the Corporation including stock options, other stock option plans, employee stock purchase plans, share distribution plans, stock appreciation rights, restricted share unit plans or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares of the Corporation.

(u) "Shares" shall mean the common shares of the Corporation.

(v) "Subsidiary" has the meaning ascribed thereto in the Securities Act.

(w) "Trading Day" means a day on which the Exchange is open for trading and on which the Shares have not been halted.

ARTICLE II

STOCK OPTION PLAN

2.1 Participation

Options to purchase Shares may be granted hereunder to Eligible Persons.

2.2 Determination of Option Recipients

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the past and potential contributions of a particular Eligible Person to the success of the Corporation and any other factors that it may deem proper and relevant.

2.3 Exercise Price

The exercise price per Share shall be determined by the Board at the time the Option is granted, but, in any event, shall not be less than the 5 day volume weighted average trading price (as determined in accordance with rules of the Exchange) of the Shares on the Exchange ending on the Trading Day immediately preceding the grant date of the Option.

2.4 Grant of Options

The Board may, at any time, authorize the granting of Options to such Eligible Persons as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan. The grant date of an Option shall be the date the Board approves such grant or a later effective date of grant, if so determined by the Board at the time of approving the grant of such Option.

2.5 Option Commitment

Each Option granted to an Optionee shall be evidenced by an Option Commitment detailing the terms of the Option and, upon delivery of the Option Commitment to the Optionee by the Corporation, the Optionee shall have the right to purchase the Shares underlying the Option at the exercise price set out therein, subject to any provisions as to the vesting of the Option and the other terms of the Plan.

2.6 Terms of Options

The Option Period shall be determined by the Board at the time of granting the Options provided, however, that the Option Period must not extend beyond five years from the grant date of the Option.

Notwithstanding the foregoing, in the event that the expiry of an Option Period falls within, or within two (2) Trading Days after the end of, a trading blackout period imposed by or on the Corporation (the "Blackout Period"), the expiry date of such Option Period shall be automatically extended to the close of the 10th Trading Day following the end of the Blackout Period.

2.7 Vesting

Options granted pursuant to the Plan shall vest and become exercisable by an Optionee at such time or times as may be determined by the Board, and may be made subject to performance conditions as the Board may determine at the time of granting such Options.

2.8 Exercise of Option

Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation of a written notice of exercise specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the exercise price of the Shares to be purchased and any amount required to be withheld for tax purposes. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment. Unless otherwise determined by the Board, the Corporation shall not offer financial assistance regarding the exercise of an Option and any such financial assistance will require shareholder approval.

2.9 Lapsed Options

If Options are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such lapsed Options.

2.10 Death or Disability of Optionee

If an Optionee ceases to be an Eligible Person due to death or Disability, any Option held by the Optionee at the date of death or Disability shall be exercisable by the Optionee or the Optionee's legal heirs or personal representatives, as applicable. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of death or Disability and only for 12 months after the date of death or Disability or prior to the expiration of the Option Period in respect thereof, whichever is sooner, subject to the Board determining otherwise in its own discretion upon the grant of such Options or after the occurrence of such death or Disability.

2.11 Termination of Employment or Ceasing to be an Eligible Person

Subject to the provisions with respect to vesting of Options in an Optionee’s employment agreement with the Corporation, if an Optionee ceases to be an Eligible Person, other than as a result of termination for cause, any Option held by such Optionee at the date such person ceases to be an Eligible Person shall be exercisable only to the extent that the Optionee is entitled to exercise the Option on such date and only for 90 days thereafter (or such longer period as may be prescribed by law or as may be determined by the Board in its sole discretion) or prior to the expiration of the Option Period in respect thereof, whichever is sooner. Subject to the provisions with respect to vesting of Options in an Optionee’s employment agreement with the Corporation, in the case of an Optionee being terminated for cause, the Option shall immediately terminate and shall no longer be exercisable as of the date of such termination, subject to the Board determining otherwise. Notwithstanding the foregoing, when an Optionee ceases to be an Eligible Person, the Board has discretion to accelerate the vesting of his/her Options and/or allow such Options to continue for a period beyond 90 days, except however, that such Options may not be extended beyond the expiry of their original Option Period.

2.12 Effect of Take-Over Bid

If a bona fide offer (the "Offer") for Shares is made to shareholders generally or to a class of shareholders that would include the Optionee, which Offer, if accepted in whole or in part, would result in the offeror (the "Offeror") exercising control over the Corporation within the meaning of the Securities Act, then the Corporation shall, as soon as practicable following receipt of the Offer, notify each Optionee of the full particulars of the Offer. The Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting schedule so that notwithstanding the other terms of this Plan, such otherwise unvested Option may be exercised in whole or in part by the Optionee so (and only so) as to permit the Optionee to tender the Shares received upon such exercise (the "Optioned Shares") pursuant to the Offer. If:

(a) the Offer is not complied with within the time specified therein;

(b) the Optionee does not tender the Optioned Shares pursuant to the Offer; or

(c) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the Offeror in respect thereof;

then at the discretion of the Board, the Optioned Shares or, in the case of clause (c) above, the Optioned Shares that are not taken up and paid for, shall be returned by the Optionee to the Corporation and reinstated as authorized but unissued Shares and the terms of the Option as set forth in this Plan and the Option Commitment shall again apply to the Option. If any Optioned Shares are returned to the Corporation under this Section, the Corporation shall refund, subject to Corporation's obligations under applicable tax law, the exercise price to the Optionee for such Optioned Shares.

2.13 Effect of a Change of Control

Subject to the terms of an Optionee's employment agreement with respect to a Change of Control of the Corporation, and unless otherwise determined by the Board prior to such Change of Control, if a Change of Control occurs, all Options then outstanding shall automatically vest, so that, notwithstanding the other terms of this Plan, such Options may be exercised in whole or in part by the Optionee and upon the exercise of an Option under the Plan and, subject to applicable tax withholding requirements, the holder thereof shall be entitled to receive any securities, property or cash (or a combination thereof) which the Optionee would have received upon such Change of Control, if the Optionee had exercised his Option immediately prior to the applicable record date or event, as applicable, and the exercise price shall be adjusted, as applicable, by the Board, unless the Board otherwise determines the basis upon which such Option shall be exercisable, and any such adjustments shall be binding for all purposes of the Plan.

2.14 Adjustment in Shares Subject to the Plan

If there is any change in the Shares through or by means of a declaration of stock dividends of Shares or consolidations, subdivisions or reclassifications of Shares, or otherwise, the number of Shares subject to any Option, and the exercise price thereof and the maximum number of Shares that may be issued under the Plan in accordance with Section 3.1 (a) shall be adjusted appropriately by the Board, subject to any applicable rules of the Exchange, and such adjustment shall be effective and binding for all purposes of the Plan. An adjustment under Section 2.13 or 2.14 (the "Adjustment Provisions") will take effect at the time of the event that gives rise to the adjustment, and the Adjustment Provisions are cumulative. The Corporation will not be required to issue fractional Shares in satisfaction of its obligations hereunder. Any fractional interest in a Share that would, except for this provision, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Corporation. If any questions arise at any time with respect to the exercise price or number of Shares deliverable upon exercise of an Option in connection with any of the events set out in Sections 2.12, 2.13 or 2.14, such questions will be conclusively determined by the Corporation's auditors, or, if they decline to so act, any other firm of Chartered Accountants that the Corporation may designate and who will have access to all appropriate records, and such determination will be binding upon the Corporation and all Optionees.

ARTICLE III

GENERAL

3.1 Maximum Number of Shares

(a) The aggregate number of Shares reserved for issuance pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) shall not exceed 15% of the issued and outstanding Shares at the time of grant. The Plan shall be an "ever green plan" as contemplated under the *TSX Guide to Security Based Compensation Arrangements*.

(b) The aggregate number of Shares which may be issuable at any time pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders shall not exceed 10% of the Shares then outstanding.

(c) The aggregate number of Shares which may be issued pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders within a one-year period shall not exceed 10% of the Shares then outstanding.

3.2 Transferability

Options are not assignable or transferable other than by will or by the applicable laws of descent, except to a Holding Company of the Optionee or by a Holding Company to the Optionee, with the consent of the Corporation. During the lifetime of an Optionee, all Options may only be exercised by the Optionee or such Holding Company.

3.3 Employment

Nothing contained in the Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Corporation or any Subsidiary, or interfere in any way with the right of the Corporation, or any Subsidiary, to terminate the Optionee's employment at any time. Participation in the Plan by an Optionee is voluntary.

3.4 No Shareholder Rights

An Optionee shall not have any rights as a shareholder of the Corporation with respect to any of the Shares covered by an Option until the Optionee exercises such Option in accordance with the terms of the Plan and the issuance of the Shares by the Corporation.

3.5 Record Keeping

The Corporation shall maintain a register in which shall be recorded the name and address of each Optionee, the number of Options granted to an Optionee, the details thereof and the number of Options outstanding.

3.6 Necessary Approvals

The Plan shall be effective only upon the approval of both the Board and the shareholders of the Corporation by ordinary resolution. The obligation of the Corporation to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Shares are listed for trading that may be required in connection with the authorization, issuance or sale of such Shares by the Corporation. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Corporation to issue such Shares shall terminate and any exercise price paid by an Optionee to the Corporation shall be returned to the Optionee.

3.7 Administration of the Plan

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Corporation and all costs in respect thereof shall be paid by the Corporation.

3.8 Taxes

The Corporation shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Corporation, the required amount to satisfy federal, provincial, territorial or foreign taxes, required by law or regulation to be deducted or withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any Option. With respect to any required withholding, the Corporation shall have the irrevocable right to, and the Optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Optionee (whether arising pursuant to the Optionee's relationship as a director, officer, employee or consultant of the Corporation or otherwise), or may make such other arrangements that are satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares issuable upon exercise of the Options as it determines are required to be sold by the Corporation, as agent for the Optionee, to satisfy any withholding obligations net of selling costs. The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares issuable upon exercise of the Options and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Shares issuable upon exercise of the Options.

3.9 Amendment, Modification or Termination of Plan

Subject to the requisite regulatory approvals, and shareholder approval as prescribed under subparagraph 3.9 (a) below and any applicable rules of the Exchange, the Board may, from time to time, amend or revise the terms of the Plan (including Options granted thereunder) or may discontinue the Plan at any time provided however that no such amendment may, without the consent of the Optionee, in any manner materially adversely affect his rights under any Option theretofore granted under the Plan.

(a) The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Plan (including Options granted thereunder):

(i) any amendment to section 3.1 including, without limitation, any amendment to the number of securities issuable under the Plan, including an increase to the percentage maximum of securities or a change from a percentage maximum of securities to a fixed maximum number;

(ii) any change to the definition of "Eligible Persons" that would have the potential of narrowing or broadening or increasing insider participation;

(iii) the addition of any form of financial assistance;

(iv) any amendment to a financial assistance provision that is more favourable to Eligible Persons;

(v) the addition of deferred or restricted share unit or any other provision which results in Eligible Persons receiving securities while no cash consideration is received by the Corporation;

(vi) any amendment to section 3.2 to permit Options to be transferred other than for normal estate settlement purposes;

(vii) any amendment that reduces the exercise price or permits the cancellation and re-issuance of Options;

(viii) any amendment that extends Options beyond the original Option Period of such Options;

(ix) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities; and

(x) any reduction to the range of amendments requiring shareholder approval contemplated in this Section or any other amendments to this Section 3.9;

(b) The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion (without shareholder approval), make all other amendments to the Plan (including Options granted thereunder) that are not of the type contemplated in subparagraph 3.9 (a) above, including, without limitation:

(i) amendments of a housekeeping nature;

(ii) the addition of or a change to vesting provisions of a security or the Plan;

(iii) the addition of a cashless exercise feature; and

(iv) a change to the termination provisions of a security or the Plan that does not entail an extension beyond the original Option Period.

(c) Notwithstanding the provisions of subparagraph 3.9 (b), the Corporation shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to subparagraph 3.9 (b) to the extent such approval is required by any applicable law or regulations.

3.10 No Representation or Warranty

The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

3.11 Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

3.12 Compliance with Applicable Law

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

Approved by the Board on May 8, 2013 and by the shareholders of the Corporation on June 6, 2013.

APPENDIX B

LUNA ADVANCE NOTICE POLICY

LUNA GOLD CORP.
(the "**Corporation**")

ADVANCE NOTICE POLICY

INTRODUCTION

The Corporation is committed to: (i) facilitating orderly and efficient annual general or, where the need arises, special meetings; (ii) ensuring that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allowing shareholders to register an informed vote.

The purpose of this Advance Notice Policy (the **Policy**) is to establish a process that provides shareholders, directors and management of the Corporation with direction on the nomination of directors. This Policy is the framework by which the Corporation seeks to fix a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

It is the position of the Corporation that this Policy is in the best interest of the Corporation and is beneficial to shareholders and other stakeholders. This policy will be subject to an annual review, and will reflect changes as required by securities regulatory agencies or stock exchanges, or so as to meet industry standards.

NOMINATIONS OF DIRECTORS

1. Subject only to the *Canada Business Corporations Act* (the **Act**), Applicable Securities Laws (as defined below), and this Policy, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the **Board**) may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

    a. by or at the direction of the Board, including pursuant to a notice of meeting;

    b. by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or

    c. by any person (a **Nominating Shareholder**): (A) who, at the close of business on the Notice Date (as defined below) and on the record date for notice at such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides satisfactory evidence of such beneficial ownership to the Corporation; and (B) who complies with the notice procedures set forth below in this Policy.

2 In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation in accordance with the provisions of this Policy.

3. To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:

   a. in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the **Notice Date**) on which the first public announcement (as defined below) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the later of: (i) the date of the public announcement (as defined below) of this Policy; and (ii) the Notice Date in respect of such meeting; or

   b. in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement (as defined below) of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

4. To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:

   a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and

   b. as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

   The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee. In addition, to be considered timely and in proper written form, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

5. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Policy; provided, however, that nothing in this Policy shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

6. For purposes of this Policy:

   a. "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com;

   b. "**beneficially owns**" or "**beneficially owned**" means, in connection with the ownership of shares in the capital of the Corporation by a person, (i) any such shares as to which such person or any of such person's Affiliates (as defined in the Act) owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (ii) such shares as to which such person or any of such person's Affiliates (as defined in the Act) has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; and (iii) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Corporation or any of its securities; and

   c. "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.

7. Notwithstanding any other provision of this Policy, notice given to the Corporate Secretary of the Corporation pursuant to this Policy may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day in the Province where the principal executive offices of the Corporation are located (a **Business Day**) or later than 5:00 p.m. (Vancouver time) on a day which is a Business Day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a Business Day.

8. Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Policy.

APPENDIX C

SANDSTORM RESOLUTION

BE IT RESOLVED THAT:

1. The termination and restructuring of the Luna Gold Corp.'s ("**Luna**") May 15, 2009 stream agreement (the "**Gold Stream Agreement**") with Sandstorm, Sandstorm Gold (Canada) Ltd. ("**Sandstorm Canada**"), and Mineracao Aurizona S.A. ("**MASA**"), a wholly-owned subsidiary of Luna, for two net smelter return royalties on the Company's Aurizona and Greenfields Projects (as defined herein) and amending the Company's April 11, 2014, US$20,000,000 amended and restated loan agreement with Sandstorm, MASA and Aurizona Goldfields Corporation to include an additional US$30,000,000 convertible debt facility (collectively, with all ancillary transactions, the "**Gold Stream Restructuring**"), all as more particularly described and set forth in the management information circular (the "**Circular**") of Luna dated May 15, 2015, accompanying the notice of meeting (as the Gold Stream Restructuring may be modified or amended), is hereby authorized, approved and adopted.

2. The definitive agreements in respect of the Gold Stream Restructuring (the "**Definitive Agreements**") between Luna, Sandstorm, Sandstorm Canada and MASA, dated May 7, 2015, and all the transactions contemplated therein, the actions of the directors of Luna in approving the Gold Stream Restructuring and the actions of the officers of Luna in executing and delivering the Definitive Agreements and any amendments thereto are hereby confirmed, ratified, authorized and approved.

3. Notwithstanding that this resolution has been passed (and the Gold Stream Restructuring adopted), the directors of Luna are hereby authorized and empowered, without further notice to, or approval of, any securityholders of Luna:

    a) to amend the Definitive Agreements to the extent permitted by the Definitive Agreements;

    b) subject to the terms of the Definitive Agreements, not to proceed with the Gold Stream Restructuring; or

    c) to authorize, reserve for issuance and issue up to a maximum of 468,000,000 Luna Shares.

4. Any one or more directors or officers of Luna is hereby authorized, for and on behalf and in the name of Luna, to execute and deliver, whether under corporate seal of Luna or not, all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Definitive Agreements and the completion of the Gold Stream Restructuring in accordance with the terms of the Definitive Agreements, including:

    a) all actions required to be taken by or on behalf of Luna, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

    b) the signing of the certificates, consents and other documents or declarations required under the Definitive Agreements or otherwise to be entered into by Luna; such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX D

PACIFIC ROAD RESOLUTION

BE IT RESOLVED THAT:

1. The issuance of a new $20,000,000 secured promissory note and 200,000,000 series B Luna Share purchase warrants (at an exercise price of $0.10 per Luna Share and an expiry of June 30, 2020) to funds comprising Pacific Road Resources Fund II, or to affiliates thereof (collectively, "**Pacific Road**"), pursuant to the terms of an investment agreement between Luna Gold Corp. ("**Luna**") and its affiliates and Pacific Road, for an aggregate purchase price of $20,000,000 (the "**Debt Offering**"), all as more particularly described and set forth in the management information circular (the "**Circular**") of Luna dated May 15, 2015, accompanying the notice of meeting (as the Debt Offering may be modified or amended), is hereby authorized, approved and adopted.

2. The private placement of 100,000,000 units in the capital of Luna (each, a "**Unit**", each Unit to be comprised of one Luna Share and one series A Luna Share purchase warrant, exercisable for one Luna Share at an exercise price of $0.125 for a term of five years) at a price of $0.10 per Unit to Pacific Road for gross proceeds to Luna of $10,000,000 (the "**Pacific Road Offering**", together with the Debt Offering, and collectively with all ancillary transactions, the "**Pacific Road Transaction**"), all as more particularly described and set forth in the Circular, accompanying the notice of meeting (as the Pacific Road Offering may be modified or amended), is hereby authorized, approved and adopted.

3. The definitive agreements in respect of the Pacific Road Transaction (the "**Definitive Agreements**") between Luna, Pacific Road, and their respective affiliates, dated May 7, 2015, and all the transactions contemplated therein, the actions of the directors of Luna in approving the Pacific Road Transaction and the actions of the officers of Luna in executing and delivering the Definitive Agreements and any amendments thereto, including (i) the completion of a transaction that will have a material effect on control of Luna and create a "control person", and (ii) the completion of a transaction that could result in Pacific Road holding in excess of a majority of the outstanding Luna common shares, in each case, whether pursuant to the issuance of the Units, the Luna common shares issuable on exercise of the warrants issuance to Pacific Road pursuant to the Pacific Road Transaction or otherwise, (iii) the issuance of Luna common shares in satisfaction of interest under the promissory note issued under the Debt Offering, (iv) the payment of liquidated damages as contemplated in the form of promissory note following an Event of Default, and (v) the fees payable in connection with the transactions contemplated by the Investment Agreement, are hereby confirmed, ratified, authorized and approved.

4. Notwithstanding that this resolution has been passed (and the Pacific Road Transaction adopted), the directors of Luna are hereby authorized and empowered, without further notice to, or approval of, any securityholders of Luna:

    a) to amend the Definitive Agreements to the extent permitted by the Definitive Agreements;

    b) subject to the terms of the Definitive Agreements, not to proceed with the Pacific Road Transaction; or

    c) to authorize, reserve for issuance and issue up to a maximum of 600,000,000 Luna Shares.

5. Any one or more directors or officers of Luna is hereby authorized, for and on behalf and in the name of Luna, to execute and deliver, whether under corporate seal of Luna or not, all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Definitive

Agreements and the completion of the Pacific Road Transaction in accordance with the terms of the Definitive Agreements, including:

a) all actions required to be taken by or on behalf of Luna, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

b) the signing of the certificates, consents and other documents or declarations required under the Definitive Agreements or otherwise to be entered into by Luna; such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX E

OFFERING RESOLUTION

BE IT RESOLVED THAT:

1. The proposed offering of up to 150,000,000 units in the capital of the Luna Gold Corp. ("**Luna**") (each, a "**Unit**", each Unit to be comprised of one Luna Share and one series A Luna Share purchase warrant, exercisable for one Luna Share at an exercise price of $0.125 for a term of five years) at a price of $0.10 per Unit for gross proceeds to Luna of up to approximately $15,000,000 to be made to certain existing shareholders and new investors all on a private placement basis exempt from prospectus requirements, including without limitation pursuant to BC Instrument 45-534 (collectively, with all ancillary transactions, the "**Offering**"), all as more particularly described and set forth in the management information circular (the "**Circular**") of Luna dated May 15, 2015, accompanying the notice of meeting (as the Offering may be modified or amended), is hereby authorized, approved and adopted.

2. The definitive agreements in respect of the Offering (the "**Definitive Agreements**") between Luna and the subscribers thereto, and all the transactions contemplated therein, the actions of the directors of Luna in approving the Offering and the actions of the officers of Luna in executing and delivering the Definitive Agreements and any amendments thereto are hereby confirmed, ratified, authorized and approved.

3. Notwithstanding that this resolution has been passed (and the Offering adopted), the directors of Luna are hereby authorized and empowered, without further notice to, or approval of, any securityholders of Luna:

    a) to amend the Definitive Agreements to the extent permitted by the Definitive Agreements;

    b) subject to the terms of the Definitive Agreements, not to proceed with the Offering; and

    c) to authorize, reserve for issuance and issue up to a maximum of 300,000,000 Luna Shares.

4. Any one or more directors or officers of Luna is hereby authorized, for and on behalf and in the name of Luna, to execute and deliver, whether under corporate seal of Luna or not, all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Definitive Agreements and the completion of the Offering in accordance with the terms of the Definitive Agreements, including:

    a) all actions required to be taken by or on behalf of Luna, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

    b) the signing of the certificates, consents and other documents or declarations required under the Definitive Agreements or otherwise to be entered into by Luna; such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX F

FAIRNESS OPINION

See Attached.

CANACCORD Genuity

CANACCORD GENUITY CORP.

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March 25, 2015

The Special Committee of the Board of Directors and the Board of Directors
Luna Gold Corp.
8th Floor - 543 Granville Street
Vancouver, B.C
V6C 1X8

To the Special Committee of the Board of Directors (the "**Special Committee**") of Luna Gold Corp.:

Canaccord Genuity Corp. ("**Canaccord Genuity**") understands that Pacific Road Capital Management Pty Ltd. (collectively, "**PRCM**"), Sandstorm Gold Ltd. ("**Sandstorm**") and Luna Gold Corp. ("**Luna**" or the "**Company**") intend to enter into separate agreements with Luna (the "**Financing Agreements**") whereby, among other things, PRCM will provide a C$20 million debt and a C$10 million private placement to Luna and Sandstorm will amend the current gold stream agreement to a net smelter return royalty and convertible debenture (collectively the "**Transaction**" or "**Offer**"). The terms and conditions of, and other matters relating to the Transaction, will be described in the management information circular of Luna which will be mailed to the Luna shareholders in connection with the Luna shareholder meeting held to approve the Transaction.

Canaccord Genuity Engagement

The Special Committee engaged Canaccord Genuity (the "**Engagement**") pursuant to an engagement letter dated October 16, 2014 between the Special Committee and Canaccord Genuity (the "**Engagement Letter**"). Under the Engagement Letter, Canaccord Genuity agreed to provide financial advisory services to the Special Committee in relation to the Transaction and to prepare and deliver this opinion as to the fairness of the Offer, from a financial point of view, to Luna's shareholders, excluding Sandstorm as a shareholder for the purposes of this opinion (this "**Fairness Opinion**").

Under the Engagement Letter, Luna has agreed to pay Canaccord Genuity a cash fee for rendering this Fairness Opinion, no portion of which is conditional upon this Fairness Opinion being favourable, or that is contingent upon the consummation of the Transaction. In addition, Luna has agreed to pay Canaccord Genuity a cash fee for rendering financial advisory services upon completion of the Transaction. Luna has also agreed to reimburse Canaccord Genuity for all reasonable out-of-pocket expenses and to indemnify Canaccord Genuity in relation to certain claims or liabilities that may arise in connection with the services performed under the Engagement Letter.

Canaccord Genuity Credentials

Canaccord Genuity is Canada's largest independently-owned investment banking firm with operations in two principal segments of the securities industry: wealth management and capital markets. Canaccord Genuity employs over 2,000 people with offices in 10 countries worldwide including Canada, the U.S., the U.K., France, Germany, Ireland, Hong Kong, China, Singapore and

Australia. Canaccord Genuity has approximately C$31.3 billion in assets under administration globally and is publicly traded with a market capitalization of approximately C$700 million. Canaccord Genuity provides a wide range of services, including corporate finance, mergers and acquisitions, financial advisory services, institutional and retail equity sales and trading and investment research. Canaccord Genuity and its principals have extensive knowledge of Canadian, U.S. and U.K. equity capital markets, have prepared numerous valuations and fairness opinions, and have led numerous transactions involving private and publicly traded companies.

This Fairness Opinion is the opinion of Canaccord Genuity and the form and content hereof has been approved for release by a committee of its officers and directors, who are experienced in the preparation of fairness opinions and in merger, acquisition, divestiture and valuation matters

Relationship with Interested Parties

Canaccord Genuity is not an insider, associate or affiliate (as such terms are defined in the *Securities Act* (British Columbia)) of Luna, PRCM, Sandstorm, or their respective associates or affiliates (collectively, the "**Interested Parties**"), and is not an advisor to any person or entity other than the Special Committee.

During the three years prior to the Engagement, Canaccord Genuity has not acted for Luna as a financial advisor. During that time period, Canaccord Genuity has acted as an underwriter in Luna's C$20 million public offering of shares that was completed on February 25, 2014. Otherwise, Canaccord Genuity has not acted as an agent or underwriter or in any other capacity for Luna during the preceding three years.

Canaccord Genuity has acted as an underwriter in Sandstorm's C$150 million public offering of units that was completed on September 7, 2012. Otherwise Canaccord Genuity has not acted as an agent or underwriter for Sandstorm during the preceding three years. In addition, Canaccord Genuity provided Sandstorm financial analysis for the restructuring of the Donner Metals Ltd. 35% interest in the Bracemac-McLeod Mine to a net smelter return royalty announced on September 3, 2013.

Canaccord Genuity acts as a trader and dealer, both as principal and agent, in all Canadian and U.S. financial markets and, in such capacity, may have had, or in the future may have, positions in the securities of the Interested Parties and, from time to time, may have executed, or in the future may execute, transactions on behalf of the Interested Parties or other clients for which it received or may receive compensation. In addition, as an investment dealer, Canaccord Genuity conducts research on securities and may, in the ordinary course of business, be expected to provide research reports and investment advice to its clients on issues and investment matters, including research and advice on one or more of the Interested Parties or the Transaction.

Other than pursuant to the Engagement, Canaccord Genuity does not have any agreements, commitments or understandings in respect of any future business involving any of the Interested Parties. However, Canaccord Genuity may, from time to time in the future, seek or be provided with assignments from one or more of the Interested Parties.

Scope of Review

Canaccord Genuity has not been asked to, nor does Canaccord Genuity offer any opinion as to the terms of the Transaction (other than in respect of the fairness, from a financial point of view, of the Offer to Luna shareholders, excluding Sandstorm as a shareholder) or the form of any agreements or documents related to the Transaction.

In preparing this Fairness Opinion, Canaccord Genuity reviewed, analyzed, considered and relied upon, without independently attempting to verify, among other things, the following:

- Draft copy of the Letter of Intent as of March 24, 2015;
- Conducted a number of detailed discussions with Luna's management regarding the past and current operations, financial condition and prospects of Luna;
- Interviews and discussions with various members of the executive and operating management of Luna, the Special Committee, Luna's Board of Directors and the legal counsel to the Special Committee and Luna;
- Reviewed certain data room materials and information provided to various interested parties performing their due diligence exercise in relation to an investment in or potential acquisition of Luna;
- Internal resources estimates, confidential models and conceptual scoping studies provided by management that were completed by both outside consultants and Luna
- Other indicative term sheets that were submitted as part of the strategic review process;
- Budgets and financial statement forecasts of and prepared by Luna for 2014 and 2015, provided by management;
- The Management Information Circular of Luna dated May 6, 2014;
- The Annual Information Forms of Luna dated March 28, 2014 and March 12, 2013, respectively;
- The annual reports of Luna (including audited annual financial statements and related management's discussion and analysis) for the years ended December 31, 2014, 2013 and 2012;
- The unaudited interim financial statements and related management's discussion and analysis of Luna for the quarters ending September 30, 2014, June 30, 2014, March 31, 2014;
- Financial and operating models of Luna provided by management;
- Financial terms of certain other transactions considered by Canaccord Genuity to be relevant;
- Certain other material agreements and documents related to the Transaction;
- Certain publicly available financial and other information concerning Luna and that Canaccord Genuity considered to be relevant for the purposes of its analysis;
- Certain press releases from Luna that Canaccord Genuity considered to be relevant for purposes of its analysis;

- Historical market prices and valuation multiples for the common shares of Luna, and comparisons of such prices and multiples with publicly available financial data concerning certain publicly traded companies that Canaccord Genuity considered to be relevant for purposes of its analysis;

- Certain published investment dealer research on Luna and the respective target prices;

- Public information with respect to other transactions of a comparable nature that Canaccord Genuity considered to be relevant for purposes of its analysis; and

- Certain other documents filed by Luna on the System for Electronic Document Analysis and Retrieval that Canaccord Genuity considered to be relevant for purposes of its analysis.

Canaccord Genuity has not, to the best of its knowledge, been denied access by the Special Committee or Luna to any information requested by Canaccord Genuity. Canaccord Genuity did not meet with the auditors of Luna and has assumed the accuracy and fair presentation of the audited and unaudited financial statements of Luna.

Prior Valuations

The Company has represented to Canaccord Genuity that there have not been any prior valuations (as defined in Canadian Securities Administrators' Multilateral Instrument 61-101 –*Protection of Minority Security Holders in Special Transactions*) of the Company or its material assets or its securities in the past two years which have not been provided to Canaccord Genuity for review other than the MI 61-101 Formal Valuation prepared by Evans & Evans, Inc. in connection with the Transaction.

Assumptions and Limitations

This Fairness Opinion is subject to the assumptions, explanations and limitations set forth below.

Canaccord Genuity has not prepared a formal valuation or appraisal of the Company or any of its securities or assets and this Fairness Opinion should not be construed as such. Canaccord Genuity has, however, conducted such analyses as it considered necessary in the circumstances. In addition, this Fairness Opinion is not, and should not be construed as, advice as to the price at which any securities of the Company may trade at any future date. This Fairness Opinion addresses only the fairness, from a financial point of view, of the consideration to Luna's shareholders (excluding Sandstorm as a shareholder) and does not address any other aspect or implication of the Transaction. We have assumed that all draft documents referred to under "Scope of Review" above are accurate reflections, in all material respects, of the final form of such documents. We are not legal, tax or accounting experts, have not been engaged to review any legal, tax or accounting aspects of the Transaction and express no opinion concerning any legal, tax or accounting matters concerning the Transaction. Without limiting the generality of the foregoing, Canaccord Genuity has not reviewed and is not opining upon the tax treatment under the Transaction to Luna shareholders.

Senior officers of Luna have represented to Canaccord Genuity in a certificate dated April 23, 2015 provided in such capacity that, among other things: **(i)** Subject to Section **(vi)**, the information, data and other material (financial and otherwise) (collectively, the "Information") provided to Canaccord Genuity by the Company, its subsidiaries (as defined in the Securities Act (British Columbia)) or its or their representatives for the purpose of the engagement under the Engagement Letter (which includes Information disclosed in materials filed by the Company on SEDAR), taken as a whole was, at the date the Information was provided to Canaccord Genuity, and is as of the date of this Certificate, complete, true and correct in all material respects and did not and, except as superseded by Information more recently provided to Canaccord Genuity, does not contain any untrue statement of a material fact in respect of the Company, its subsidiaries and, to the knowledge of the undersigned, the Transaction and, taken as a whole, did not and does not omit to state a material fact in relation to the Company, its subsidiaries and, to the knowledge of the Company, the Transaction, in each case necessary to make the Information not misleading in light of the circumstances under which the Information was presented; **(ii)** since the dates on which the Information was provided to Canaccord Genuity by the Company, its subsidiaries or its or their representatives, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, forecasts, projections, operations or prospects of the Company or any of its subsidiaries and no material change has occurred in the Information or any part thereof, taken as a whole; **(iii)** to the best the Company's knowledge, information and belief after reasonable inquiry, except as may be disclosed in the independent technical reports filed by the Company on SEDAR, there are no independent appraisals or valuations or material non-independent appraisals or valuations relating to the Company or any of its subsidiaries or any of their respective material assets or liabilities which have been prepared as of a date within the two years preceding the date hereof and which have not been provided to Canaccord Genuity; **(iv)** since the dates on which the Information last was provided to Canaccord Genuity, by the Company, its subsidiaries or its or their representatives, no material transaction has been entered into by the Company or any of its subsidiaries. **(v)** the Company has no knowledge of any facts not contained in or referred to in the Information provided to Canaccord Genuity by the Company or its affiliates which would reasonably be expected to affect the Opinion in any material way including the assumptions used or the scope of the review undertaken, each as disclosed in the Opinion; **(vi)** other than as disclosed in the Information, to the best of the Company's knowledge, information and belief after reasonable inquiry, neither the Company nor any of its subsidiaries has any material contingent liabilities and there are no actions, suits, claims, proceedings, investigations or inquiries pending or threatened against or affecting the Company or any of its subsidiaries at law or in equity or before or by any federal, national, provincial, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality which would in any way reasonably be expected to materially adversely affect the Company and its subsidiaries taken as a whole; **(vii)** all financial material, documentation and other data concerning the Transaction, the Company and its subsidiaries, provided to Canaccord Genuity by the Company, its subsidiaries and its or their representatives is, taken as a whole, true and correct in all material respects. To the best of the Company's knowledge, information and belief, except as otherwise specified therein or disclosed to Canaccord Genuity, all financial material, including any projections or forecasts, (a) were prepared on a basis consistent in all material respects with the accounting policies applied in the most recent audited consolidated financial statements of the Company, reflect the assumptions disclosed therein (which assumptions management of the Company believed to be reasonable at the date of preparation of the relevant materials), and (b) are not misleading, in light of the circumstances under which they were provided to Canaccord Genuity, except in each case to the extent superseded by other, more recent Information; **(viii)** to the best of the Company's knowledge, information and belief after reasonable inquiry, no verbal or written transactions or serious negotiations for, at any one time, all or a material part of the properties and assets owned by or the securities of the Company or any of its subsidiaries have been made or occurred with by the Company or its subsidiaries, within

the year preceding the date hereof which have not been disclosed to Canaccord Genuity **(ix)** there are no agreements, undertakings, commitments or understandings (written or oral, formal or informal) relating to the Transaction, except for those where all of the material details of which have been disclosed to Canaccord Genuity.

This Fairness Opinion is conditional upon such completeness, accuracy and fair presentation of the Information. In accordance with the terms of the Engagement, but subject to the exercise of its professional judgment, and except as expressly described herein, Canaccord Genuity has not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information.

This Fairness Opinion has been prepared in accordance with the disclosure standards for fairness opinions of the Investment Industry Regulatory Organization of Canada ("**IIROC**"), but IIROC has not been involved in the preparation or review of this Fairness Opinion.

Canaccord Genuity has assumed that all conditions precedent to the completion of the Transaction can be satisfied or waived by the parties thereto in the time required and that all consents, permissions, exemptions or orders of third parties and relevant authorities will be obtained, without adverse condition or qualification, and that the Transaction can proceed as scheduled and without material additional cost to or liability of Luna and to third parties, that the procedures being followed to implement the Transaction are valid and effective and all required documents under applicable securities laws will be distributed to the Luna shareholders in accordance with all applicable securities laws, and that the disclosure in such documents will be accurate and will comply in all material respects with the requirements of all applicable securities laws.

This Fairness Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as of the date hereof and the condition and prospects, financial and otherwise, of Luna as they were reflected in the information and documents, including, without limitation, the Information, reviewed by Canaccord Genuity and as it was represented to Canaccord Genuity in its discussions with representatives of Luna. In its analysis and in connection with the preparation of this Fairness Opinion, Canaccord Genuity has made numerous assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond the control of Luna.

This Fairness Opinion has been provided exclusively for the use of the Special Committee for the purposes of considering the Financing Agreements, the Transaction and the Offer. Canaccord Genuity disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting this Fairness Opinion, which may arise or come to Canaccord Genuity's attention after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter upon which this Fairness Opinion is based, Canaccord Genuity reserves the right to change, modify or withdraw this Fairness Opinion as of the date of such material change in any fact or matter affecting this Fairness Opinion.

The disclosure by Luna of the retention of Canaccord Genuity and the contents of this Fairness Opinion in certain regulatory filings as required and in accordance with all applicable laws, rules or regulations of any governmental authority or stock exchange will be permitted subject to Canaccord Genuity's prior review and approval (acting reasonably) of such disclosure. Except as provided in this Fairness Opinion and in the Engagement Letter, or as may be required by applicable law or requirements of securities regulatory authorities or stock exchange in connection with the Transaction, this Fairness Opinion is not to be used, published or distributed in whole or in part, in any other way or to any other person without the prior written consent of Canaccord Genuity, such consent not to be unreasonably withheld or delayed.

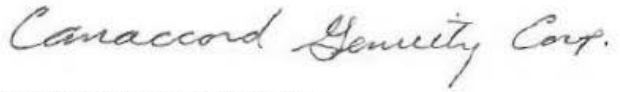
Canaccord Genuity has not been engaged to provide and has not provided: (i) a formal valuation of Luna's securities or any of Luna's material assets pursuant to MI 61-101 or otherwise; or (ii) an opinion as to the fairness of the process underlying the Transaction; and, in each case, this Fairness Opinion should not be construed as such. This Fairness Opinion is not and should not be construed as a recommendation to any Luna shareholder as to whether or how to vote in respect of the Transaction.

Canaccord Genuity believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying this Opinion. The preparation of an Opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Conclusion

Based upon and subject to the foregoing and such other matters as Canaccord Genuity considered relevant, Canaccord Genuity is of the opinion that, as of the date hereof, the consideration to be received is fair, from a financial point of view, to Luna shareholders excluding Sandstorm as a shareholder.

Yours truly,



CANACCORD GENUITY CORP.

APPENDIX G

VALUATION REPORT

See Attached.

COMPREHENSIVE VALUATION REPORT

LUNA GOLD CORP.

Vancouver, British Columbia

May 6, 2015

EVANS & EVANS, INC.

LUNA GOLD CORP. – SANDSTORM AGREEMENTS

TABLE OF CONTENTS

1.0 ASSIGNMENT

1.1 Assignment

Evans & Evans, Inc. ("Evans & Evans" or the "authors of the Report") was engaged by Luna Gold Corp. ("Luna", "Luna Gold" or the "Company") of Vancouver, British Columbia to prepare a Comprehensive Valuation Report (the "Report"). Evans & Evans understands Luna is a reporting issuer whose shares are listed for trading on the Toronto Stock Exchange ("TSX") under the symbol "LGC".

On March 19, 2015 the Company entered into Letter of Intent (the "Sandstorm LOI") with Sandstorm Gold Ltd. ("Sandstorm[1]") and Sandstorm Gold (Canada) Ltd. ("Sandstorm Canada"). The Sandstorm LOI is part of a restructuring of an existing debt facility and gold streaming agreement (the "Restructuring") between the Company and Sandstorm. The purpose of the Report is to provide an independent opinion as to the fair market value of the marginal costs associated with the Company's agreements with Sandstorm as detailed in section 3.0 below as at March 19, 2015 (the "Valuation Date").

The Report may be used for inclusion in any public disclosure documents in connection with the Restructuring and for submission to the TSX as part of the regulatory approval of the Restructuring. The Report may also be placed on Luna's electronic file and referenced or included in any information circular provided to Luna's shareholders.

[1] All references in the Report to Sandstorm refer to Sandstorm and all of its wholly-owned subsidiaries.

As Evans & Evans will be relying extensively on information, materials and representations provided to us by the Company's management and associated representatives, the authors of the Report will require that the Company's management confirm to Evans & Evans in writing that the information and management's representations contained in the Report are accurate, correct and complete, and that there are no material omissions of information that would affect the conclusions contained in the Report.

Evans & Evans, or its staff and associates, will not assume any responsibility or liability for losses incurred by Luna and/or its shareholders, management or any other parties as a result of the circulation, publication, reproduction, or use of the Report, or any excerpts thereto contrary to the provisions of this section of the Report. Evans & Evans also reserves the right to review all calculations included or referred to in the Report and, if Evans & Evans considers it necessary, to revise the Report in light of any information existing at the Valuation Date which becomes known to Evans & Evans after the date of the Report.

Unless otherwise indicated, all monetary amounts are stated in U.S. dollars.

2.0 OVERVIEW OF LUNA GOLD CORP.

2.1 Luna Gold

Luna Gold was incorporated under the laws of the Province of British Columbia, Canada, on June 24, 1986 under the name Belcarra Resources Ltd. The Company changed its name to Belcarra Motors Corp. on October 12, 1994 and to Predator Ventures Ltd. on September 10, 1997. The Company was continued to the State of Wyoming effective July 14, 1999 and on September 9, 1999, it filed articles of amendment to increase its authorized capital from 100,000,000 common shares with no par value to an unlimited number of common shares with no par value.

On November 16, 1999, the Company changed its name to wwbroadcast.net, Inc. to reflect its streaming media business which it had commenced on July 1, 1999. On December 3, 1999, the Company was registered as an extra-provincial company under the Company Act of British Columbia, Canada. On August 7, 2003, the Company changed its name to Luna Gold Corp. to reflect its current business. On November 24, 2005, the Company continued back into Canada from the State of Wyoming pursuant to the *Canada Business Corporations Act*.

Aurizona Goldfields Corporation ("AGC") is a wholly-owned subsidiary of Luna which in turn holds 100% of the issued and outstanding shares of Mineração Aurizona S.A. ("MAS"), a Brazilian company which owns the Company's main mineral project, the Aurizona gold mine ("Aurizona" or the "Mine") and the Company's greenfield exploration properties ("Luna Greenfields").

The Company's main mineral project, Aurizona, consists of an open pit mine and gold processing plant. Aurizona includes the Piaba, Tatajuba, Boa Esperança, Ferradura and Conceição deposits and over 10 near-mine exploration targets which are being actively explored by the Company. Aurizona covers approximately 15,500 hectares of land and includes a mining license and three exploration permits. Commercial production at Aurizona was achieved in 2011.

The Company also owns the Luna Greenfields exploration property ("Luna Greenfields") which is located next to Aurizona and consists of a landholding of exploration licenses totalling approximately 190,000 hectares. This land holding is considered by management to be highly prospective due to its location in the southern extension of the Guyana Shield and that displays strong geologic and structural similarities to West African gold belts. The project area encompasses over 100 artisanal gold workings that are being explored by the Company.

As at the Valuation Date, Sandstorm held 19.5 million common shares in Luna Gold, representing approximately 13.8% of the Company's issued and outstanding shares.

2.2 Aurizona

Aurizona is located in the municipality of Godofredo Viana in the state of Maranhão, northeastern Brazil between the cities of São Luis and Belém. The area is centered at Latitude 01º30' south and Longitude 45º76' west on the northern coast of Brazil, 320 kilometre due northwest of the capital city of São Luis.

Aurizona consists of an open pit mine, gold processing plant, and property containing several gold deposits and exploration targets. The Aurizona property contains a mining license, totaling 9,981 hectares, and three exploration licenses totaling over 5,427 hectares. Included within Aurizona are the Piaba, Tatajuba, Boa Esperança, Ferradura and Conceição gold deposits and over ten near-mine exploration targets, which are being actively explored by the Company.

Historical production data for the Mine is summarized in the table below. The Company's fiscal year ("FY") runs from January 1 to December 31.

U.S. Dollars	2010	2011	2012	2013	2014
Mined Ore (Tonnes)	1,267,347	1,266,708	1,714,257	1,981,564	2,155,555
Processed Dry Ore (Tonnes)	747,349	1,310,249	2,155,203	1,934,176	2,014,237
Grade (Gold grams / tonne)	1.15	1.29	1.21	1.43	1.31
Gold Recovery	59%	80%	87%	90%	88%
Recovered Gold Ounces	15,759	41,898	74,269	79229	74,622
Average Cash Cost / Ounce		$1,031	$733	723	$1,207
All-in Sustaining Cost of Production ($/Oz)				891	$1,046
Gold Sales (Ounces)		41,502	74,540	72,403	72,391
Net Realized Gold Price - Including sales to Sandstorm ($/Oz)				$1,419	$1,127

As at the Valuation Date Aurizona had been placed on temporary care and maintenance, a decision based primarily on the following.

- In September 2012, the Company's board of directors (the "Board") approved a process plant expansion at Aurizona (the "Phase I Expansion") to expand production capacity. Engineering and procurement commenced during the fourth quarter of 2012 and construction commenced in January 2013. Completion and commissioning of the Phase I Expansion was targeted for the second half of 2014, however due to cost overruns, operational challenges and negative market conditions, all non-essential capital programs, including certain work packages of the Phase I Expansion, have been halted.

- Low prices/reduced cash required a reduction in exploration beginning in 2013.

- Higher than normal rainfall in the second quarter of 2014 flooded the Piaba pit and severely adversely affected production in the second quarter of 2014, resulting in increased costs and substantially reduced cash flow.

- Costs continued at a high level during the remainder of 2014 as the Company sought to recover from the water problems. High consultant costs, contractor costs and higher mining fleet costs associated with the aging of the mining fleet contributed to the continued high operating costs. Waste stripping costs were also higher due to the need to extract ore deeper in the Piaba pit.

- By the fourth quarter of 2014, the Company reduced spending on all non-essential capital projects and also decided to reduce mining during the wet season and after the stockpile was established.

- In February 2015, the Company completed the core re-logging program of the Piaba resource, which resulted in a new geologic model, including the reinterpretation of geology, alteration, oxidation, structure, and ore hardness. This new model resulted in a material reduction in the amount of remaining saprolite[2] ore that could be processed through the existing plant and, as a result, the Company concluded that it had inadequate soft saprolite to resume mining operations. As a result of the suspension of mining operations and the need for additional capital to restart economical mining activities, the Aurizona existing mineral reserve estimates (effective as of January 29, 2013) contained in its public disclosure and in its last technical report are no longer considered current and should therefore not be relied upon.

- The Company's current state of operations, the existing agreements with Sandstorm, the Company's current position with its existing debt facilities, and the current state of the capital markets has severely limited the Company's ability to access new capital, which is needed to construct the required crush and grind circuit.

The Company recognized impairment charges of approximately $110.8 million related to Aurizona in 2014.

2.3 Luna Financial Position

As at the Valuation Date the Company was not in compliance with its debt covenants. As a result, the Company has entered into a forbearance agreement

[2] soft, thoroughly decomposed and porous rock, often rich in clay, formed by the in-place chemical weathering of igneous, metamorphic, or sedimentary rocks. Saprolite is especially common in humid and tropical climates.

(the "Forbearance Agreement") with Société Générale ("Société Générale"), Mizuho Bank Ltd. ("Mizuho Bank") and the other parties (collectively, the "Finance Parties") to the Company's February 15, 2013 credit agreement, as amended (the "Corporate Facility"). As at December 31, 2014 the amounts owing under the Corporate Facility were $23.573 million.

Under the terms of the Forbearance Agreement, the Finance Parties will refrain from exercising any rights or remedies that they may have under the Corporate Facility or otherwise in respect of the Company's covenant breach and any subsequent default by the Company until May 1, 2015, unless a breach of the Forbearance Agreement occurs.

The Company subsequently entered into an Amended Forbearance Agreement, under which the Finance Parties will refrain from exercising any rights or remedies that they may have under the Corporate Facility or otherwise in respect of the Company's covenant breach and any subsequent default by the Company until May 15, 2015, unless a breach of the Amended Forbearance Agreement occurs. If Luna remains in default under its covenants under the Corporate Facility and the Amended Forbearance Agreement is not further extended, the Finance Parties would be entitled to exercise any of their rights under the Corporate Facility. There can be no assurances that the Company will remedy the default or further extend the forbearance.

3.0 SANDSTORM AGREEMENTS

3.1 Streaming Agreement

In May 2009, the Company entered into a definitive agreement with Sandstorm under which the Company agreed to sell an effective 17% interest in certain reserves and resources of the Company to Sandstorm for cash proceeds of $17.8

million and 5,500,000 Sandstorm common shares (the "Streaming Agreement"). As gold is delivered, the Company receives a payment in an amount equal to the lesser of $400 per ounce and the prevailing spot gold market price. The $400 per ounce received for gold delivered to Sandstorm is subject to an increase of 1% per annum beginning February 2014. As of the Valuation Date, the Company was receiving $404 per ounce on gold delivered to Sandstorm.

The gold payable to Sandstorm under the Streaming Agreement is 17% of the gold produced from the Mine less the number of ounces of gold deducted on account of the refining of such gold into refined gold. Refined gold means marketable metal bearing material in the form of gold that is refined to standards meeting or exceeding commercial standards for the sale of refined gold.

If the Company decides to further develop an underground mine at Aurizona, Sandstorm will have the right to purchase an effective 17% interest in the underground mine, whereby 17% of the gold produced will be delivered to Sandstorm at a per-ounce price equal to the lesser of $500 and the prevailing market price, subject to an increase of 1% per annum beginning on the third anniversary from the date that the underground mine begins commercial production. In addition, Sandstorm will be required to contribute to capital expenditures to construct and develop the underground mine, and towards all actual drilling and other costs incurred to complete the required technical report determining the economic viability of the applicable underground mine option.

The Company also has a debt facility (the "Debt Facility") in place with Sandstorm with principal of $20.0 million outstanding as at the Valuation Date.

In September 2012 the Amendment Agreement was entered into with Sandstorm to contribute 17% of the require Phase I Expansion capital expenditure to a maximum of US$10.0 million. In September 2013, AGC drew down $10.0

million of the Debt Facility with Sandstorm. The purpose of this loan was to provide additional working capital for the Company during the Phase I Expansion period. In April 2014, the Company drew down the final $10.0 million of the Debt Facility with Sandstorm to fund a brownfields exploration program at Aurizona. The Sandstorm Debt Facility carries an interest rate of 12% per annum, is guaranteed by the Company and its subsidiary MAS, and is fully due and payable on June 30, 2017 (the "Maturity Date").

3.2 Revised Sandstorm Agreement

On March 19, 2015 the Company and Sandstorm signed the Sandstorm LOI, setting the terms of a restructured agreement (the "Revised Sandstorm Agreement") to replace the Streaming Agreement.

In order to enter into the Revised Sandstorm Agreement, the following must have occurred and Luna will be required to pay all costs associated with the transition from the Streaming Agreement and Debt Facility to the Revised Sandstorm Agreement.

1. Luna to raise a minimum of $20 million of equity, however this condition may be waived in whole or in part by Sandstorm.

2. Luna will repay all amounts due to Société Générale and remove all security associated with such debt.

The key terms and sub-agreements of the Revised Sandstorm Agreement are as follows:

1. Luna Gold will issue to Sandstorm a net smelter return royalty ("NSR") (the "Aurizona NSR") which will be a sliding scale net smelter return royalty on

all metals production from Aurizona. The sliding scale is based on the price of gold:

- 3% if the price of gold is less than or equal to $1,500 per ounce;
- 4% if the price of gold is between $1,500 per ounce and $2,000 per ounce; and,
- 5% if the price of gold is greater than $2,000 per ounce.

2. Luna Gold will issue to NSR (the "Greenfields NSR") would cover the 190,073 hectares of exploration ground held by Luna and would be a 2% NSR. Luna would have the right to purchase one-half of the Greenfields NSR for $10 million at any time prior to commercial production.

3. Sandstorm would hold a right of first refusal on any future streams or royalties on Aurizona and the Luna Greenfields.

4. Sandstorm would also receive a $30 million debenture bearing interest at a rate of 5% per annum (the "Debenture"). The Debenture would be payable in three equal annual tranches of $10 million plus accrued interest beginning January 1, 2018. Luna would have the right to convert principal and interest owing under the Debenture into common shares of Luna, so long as Sandstorm does not own more than 20% of the outstanding common shares of Luna.

5. Under the existing Sandstorm Debt Facility amendment, the maturity date of the Debt Facility would be extended from June 30, 2017 to June 30, 2021, the interest rate would be revised to 5% per annum, payable in cash on the maturity date, and Luna would be subject to a default rate of interest equal to 10% per annum.

4.0 VALUATION OPINION

It is the opinion of Evans & Evans, Inc., given the scope of its engagement and with reference to its engagement letter that the fair market value of the cost savings of the Revised Sandstorm Agreement over the Streaming Agreement and Debt Facility are in the range of $11.1 to $11.9 million as at the Valuation Date.

A Comprehensive Valuation Report provides the highest level of assurance regarding the valuation conclusion.

This Valuation Opinion as well as the entire Report is subject to the scope of the work conducted (refer to section 3.0) as well as the assumptions made (refer to section 5.0) and to all of the other sections of the Report.

5.0 DEFINITION OF FAIR MARKET VALUE

In this Report, fair market value is defined as the highest price available in an open and unrestricted market between informed and prudent parties, acting at arms' length and under no compulsion to act, expressed in terms of cash.

With respect to the market for the shares of a company viewed "en bloc" there are, in essence, as many "prices" for any business interest as there are purchasers and each purchaser for a particular "pool of assets", be it represented by overlying shares or the assets themselves, can likely pay a price unique to it because of its ability to utilize the assets in a manner peculiar to it.

In any open market transaction, a purchaser will review a potential acquisition in relation to what economies of scale (e.g., reduced or eliminated competition, ensured source of material supply or sales, cost savings arising on business combinations following acquisitions, and so on), or "synergies" that may result from such an acquisition.

Theoretically, each corporate purchaser can be presumed to be able to enjoy such economies of scale in differing degrees and therefore each purchaser could pay a different price for a particular pool of assets than can each other purchaser.

Based on our experience, it is only in negotiations with such a special purchaser that potential synergies can be quantified and even then, the purchaser is generally in a better position to quantify the value of any special benefits than is the vendor.

In this engagement Evans & Evans was not able to expose the Company for sale in the open market and were therefore unable to determine the existence of any special interest purchasers who might be prepared to pay a price equal or greater than the fair market value (assuming the existence of special interest purchasers) outlined in the Report. As noted above, special interest purchasers might be prepared to pay a price higher than fair market value for the synergies noted above.

6.0 SCOPE OF THE REPORT

The authors of the Report have reached the assessments contained herein by relying on the following:

- Interviewed management of the Company on multiple occasions between December of 2014 and the date of the Report. The interviews were conducted to elicit management's actions and the business plan of the Company going forward.

- Reviewed the Purchase Agreement dated May 15, 2009 between the Company, MAS, Sandstorm and Sandstorm Canada.

- Reviewed the executed Sandstorm LOI outlining the terms of the Restructuring.

- Reviewed the Company's Annual Information Forms for the years ended December 31, 2013 and 2014.

- Reviewed the Company's financial statements for the years ended December 31, 2010 – 2014 as audited by KPMG, LLP of Vancouver, British Columbia.

- Reviewed the Company's quarterly Management Discussion & Analysis reports for the years ended December 31, 2011 – 2014.

- Reviewed the Company's press releases for the 18 months preceding the date of the Report.

- Reviewed the Company's revised and updated financial model based on the 2013 scoping study which focuses on the development of a mine at Aurizona which can process laterite, saprolite, hard saprolite, transition ore and fresh rock ore.

- Reviewed information on the natural resource, mining and exploration, silver and gold, markets from such sources as and interviews with representatives of: Kitco Inc., Canadian Mining News, InfoMine, International Council of Mining and Metals, World Gold Council, USA Gold Daily, The Gold Institute, The Silver Institute, World Gold Council, National Mining Association Reuters, Inc., Bloomberg, Uranium Miner, Mineral Resources Forum, Earthworks – Mineral Policy Organization, the National Mining Association, ScotiaMocatta, Reuters, Bloomberg, the Financial Post and Northern Miner.

- **Scope Restriction**: Evans & Evans did not conduct a visit to the Mine. Evans & Evans did review and entirely relied upon the Company's public disclosure documents as outlined above. The reader is advised that Evans & Evans can

provide no independent technical and due diligence comfort or assurances as to the specific operating characteristics and functional capabilities of the Mine.

7.0 CONDITIONS OF THE REPORT

- The Report may be included in public disclosure documents regarding the Restructuring and may be submitted to the TSX. The Report may be included or referenced in a Luna Gold information circular.

- The Report is not intended for submission to any tax authorities or for use in any court proceedings.

- Any use beyond that defined above is done so without the consent of Evans & Evans and readers are advised of such restricted use as set out above.

- Evans & Evans did rely only on the information, materials and representations provided to it by the Company. Evans & Evans did apply generally accepted valuation principles to the financial information it did receive from the Company.

- We have assumed that the information which is contained in the Report, is accurate, correct and complete, and that there are no material omissions of information that would affect the conclusions contained in the Report that the Company is aware of. Evans & Evans did attempt to verify the accuracy or completeness of the data and information available.

- Should the assumptions used in the Report be found to be incorrect, then the valuation conclusion may be rendered invalid and would likely have to be reviewed in light of correct and/or additional information.

- Evans & Evans denies any responsibility, financial or legal or other, for any use and/or improper use of the Report however occasioned.

- Evans & Evans's assessments and conclusion is based on the information that has been made available to it.

- The Report, and more specifically the assessments and views contained therein, is meant as independent review of the Sandstorm Agreements as at March 19, 2015. The authors of the Report make no representations, conclusions, or assessments, expressed or implied, regarding the Company or events after the date of which final information was provided to Evans & Evans. The information and assessments contained in the Report pertain only to the conditions prevailing at the time the Valuation Report was substantially completed in December of 2014 through to the date of the Report.

- The Report is not a fairness opinion and is not to be relied upon as such.

- Evans & Evans as well as all of its Principal's, Partner's, staff or associates' total liability for any errors, omissions or negligent acts, whether they are in contract or in tort or in breach of fiduciary duty or otherwise, arising from any professional services performed or not performed by Evans & Evans, its Principal, Partner, any of its directors, officers, shareholders or employees, shall be limited to the fees charged and paid for the Report. No claim shall be brought against any of the above parties, in contract or in tort, more than two years after the date of the Report.

8.0 ASSUMPTIONS OF THE REPORT

In arriving at its conclusions, Evans & Evans have made the following assumptions:

1) There was no material change in the financial position of the Company between the date of the most recent financial statements and the Valuation Date, unless otherwise noted in section 2.0 of the Report or in Luna Gold press releases.

2) The financial and production forecast for the Mine as provided by management of Luna Gold, represents management's best estimate of the future economic performance of the Mine as at the Valuation Date. Further, the operating assumptions underlying the model are the same under the Streaming Agreement and the Revised Sandstorm Agreement.

3) There is insufficient data on the Luna Greenfields property as at the Valuation Date to forecast future production and accordingly the fair market value of an NSR on this early stage exploration property.

4) All interest and principal repayments under the Sandstorm Agreements and Debt Facility will be made in cash.

5) In determining the fair market value of the Revised Sandstorm Agreement, Evans & Evans has assumed all of the conditions to executing the final agreements are met in a timely manner.

6) The calculations as to the fair market value of the Sandstorm Agreements are based on the assumption the Company is successful in securing a minimum new investment of C$20 million in 2015, from sources other than Sandstorm.

7) The Company has satisfactory title to all of the tangible and intangible assets described here in the Report and there are no liens or encumbrances on such assets nor has any assets been pledged in any way.

8) Evans & Evans has assumed the tax rate applicable to the Company is 15.5%.

9) Evans & Evans has assumed that the Company and all of its related parties and its principals have no current and/or other contingent liabilities, unusual contractual arrangements, or substantial commitments, other than in the ordinary course of business, nor litigation pending or threatened, nor judgments rendered against, other than those disclosed by management and included in the Report, (the Report is not a formal fairness opinion) that would affect Evans & Evans' evaluation or comments.

10) The Company has complied with all government taxation, import and export and regulatory practices as well as all aspects of its contractual agreements that would have an effect on the Report, and there are no other material agreements entered into by the Company that are not disclosed in the Report.

This Report is based upon information made available to Evans & Evans and on the assumptions that have been made. Evans & Evans reserves the right to review all information and calculations included or referred to in this Report and, if we consider it necessary, to revise our views in the light of any information which becomes known to us during or after the date of this Report.

9.0 FINANCIAL PROJECTIONS

Evans & Evans reviewed the management-prepared financial projections for the Mine for the years ended December 31, 2015 – 2026 as provided by management and the detailed financial model is contained in Evans & Evans working paper

files. For confidentiality purposes, Evans & Evans was requested not to include the model in the Report. In Schedules 1.0 and 2.0 Evans & Evans has referenced the production data that is relevant to the determination of the fair market value of the Sandstorm Agreements.

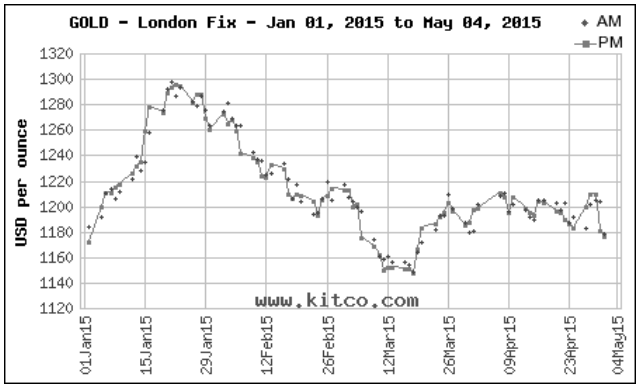
All of the detailed operational and expenditure assumptions were not deemed relevant to the analysis contained herein as they are the same under both the Streaming Agreement and the Revised Sandstorm Agreement.

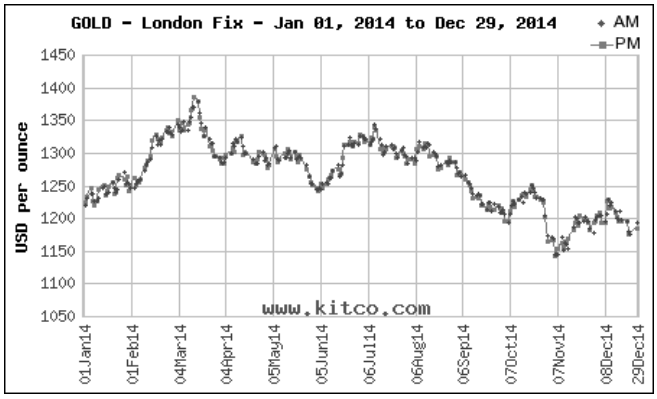
10.0 MARKET OVERVIEW

10.1 Gold Market

Evans & Evans reviewed the current status of the gold market as at the Valuation Date and the forward-looking expectations as at that date.

Gold prices fell from a high of $1,307.90/oz on January 22, 2015 to a low of $1,163.80/oz on March 6, 2015. Up to the middle of February, gold prices had been increasing from $1,201.37/oz in December 2014 and $1,176.36 in November 2014. As can be seen from the following charts, the price of gold had been trending downwards since the end of January 2015, but did recover in March of 2015, to trade in the band of $1,180/oz to $1,240/oz.





While gold prices increased early in 2015, due in part to geopolitical uncertainty surrounding hostilities in Ukraine and the debt crisis in Greece, a temporary solution to Greece's debt issues and a cease-fire in Eastern Ukraine had reduced geopolitical tensions as of the Valuation Date. The European Central Bank's announcement that it would start quantitative easing strengthened the U.S. dollar which had a negative impact on the price of gold. As countries lower their interest rates to weaken exchange rates in the hope of boosting domestic growth and exports there is an expectation that investors will trend towards gold as a safe-haven. Negative forces on the price of gold are the strengthening U.S. dollar and an expectation that the U.S. Federal Reserve will increase rates in 2015, driving investors away from gold.

2014 was a year of stabilization in the gold market according to research from the World Gold Council ("WGC"). The WGC reports that gold demand ended 2014 on a strong note with total demand for the fourth quarter growing to 987.5 tonnes, an increase of 6% compared to the same quarter in 2013. India and China accounted for 54% of consumer gold demand in 2014, an increase from 33% in 2005, however 2014 demand in both countries was lower than that in 2013.

The WGC reports mine production reached a record level of 3,114.4 tonnes in 2014, but few see those levels of production as sustainable. Comparatively, the United States Geological Survey ("USGS") estimated global gold production amounted to 2,860 tonnes in 2014, 2.1% higher than 2013 totals (2,800 tonnes).

The price decline in 2014 resulted in "severe" cut backs in exploration for mine development and several mines were placed on care and maintenance as they were not economically viable at prices below $1,200/oz.

Due to a change in the cost reporting standards brought forth by the World Gold Council and a few senior gold companies in 2012, gold companies are now encouraged to adopt a new industry cost reporting standard, all-in-sustaining-cost ("AISC"), which includes all costs including general and administrative expenses and other costs not previously associated with operating costs. Prior to this new reporting standard, gold companies reported cash costs, which is the sum of all costs to dig gold out of the ground and ready it for sale. Cash costs reported were low, even reaching lows of $50/oz, leading to profits that were seen by investors to be exaggerated and inflated. AISC is expected to increase transparency for investors to better understand gold companies' operations and for making investment decisions. Although AISC is meant to be more transparent for investors and the general public, it still excludes large expenditures related to tax and interest expenses.

On September 19, 2014, analysts from Barclay's through their research indicated the average AISC at $941/oz, while marginal all-in sustaining costs were at $1,285/oz. Barclay analysts estimate that AISC at this level will result in about 10% of global gold production companies to be operating at losses. A more recent article, dated November 5, 2014, on the gold industry by Bloomberg News indicates that approximately one-third of the world's gold production is cash flow

negative once gold prices reach below $1,250/oz. Margins are increasingly tight across the industry except for a handful of top-tier senior gold companies.

10.2 Resource Exploration and Development in Brazil

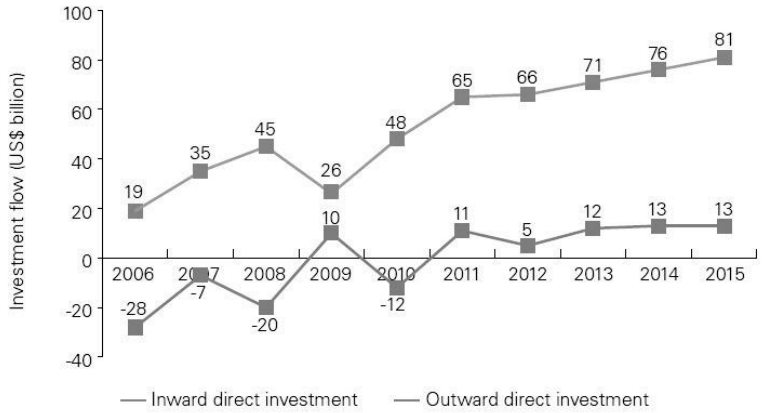
In addition to facing pricing, inflation, and cost pressures from operations and sales, Luna Gold faces unstable political and country risks from doing business in Brazil.

Forecasts for mining in Brazil are generally positive, but the country is not without its challenges. While mining is a vital part of Brazil's economy, accounting for about a third of exports, the Brazilian mining industry is suffering from government indecision over a new regulatory framework for the sector. The mining and energy ministry presented a draft bill to the president's executive office in 2010, and the bill is still stalled in the senate. As a result, nearly 50,000 applications for exploration permits are on hold at the national mineral research department. The bill largely addresses royalties and taxes. Industry group IBRAM estimated in 2013 Brazil had missed out on 20 billion reais (US$8.89 billion) of investment due to the uncertainty surrounding the mining code.

In Brazil, the government owns all minerals rights to all properties. Thus, licensing and authorization must be obtained from the government prior to exploration efforts. In 2013, a new law was submitted to the Brazilian congress that will introduce government-run auctions for mineral property rights. The Brazilian government can intervene with these auctions if it deems a certain company has a large number of concessions in a particular area. Opponents of this law believe that these government auctions will favor large mining companies and drive junior mining exploration companies out of the Brazilian mining industry.

In June 2014, Canadian mining company Belo Sun Mining, who holds a license for Brazil's largest gold mine in Para, had its mining license revoked due to environmental concerns on local indigenous communities. Belo Sun Mining had its license revoked even after completing an indigenous study in accordance to the Brazilian indigenous authority FUNAI. This incident reflects the difficulty and obstacles that may arise while operating in a foreign country. It is evident that Brazil, while developing rapidly and emerging as a strong player in the world market, is experiencing problems and concerns much to do with the trade-offs between economic development and environmental sustainability. While Brazil recognizes it will require foreign investment to help the country develop, it will still become consumed by its country's political, economic, and environmental concerns and foreign companies operating in Brazil may risk losing business while the local government appeases Brazil's own multinational corporations.

In the recent years, Brazil has emerged as one of the world's leading destinations for foreign direct investment, alongside the other three BRIC nations. As a result, the country's inward direct investments have been outpacing its foreign inbound investment, as shown below:



Source: Economist Intelligence Unit

11.0 VALUATION METHODLOGIES

11.1 Overview of Methodologies

In valuing an asset and/or a business, there is no single or specific mathematical formula. The particular approach and the factors to consider will vary in each case. Where there is evidence of open market transactions having occurred involving the shares, or operating assets, of a business interest, those transactions may often form the basis for establishing the value of the company. In the absence of open market transactions, the three basic, generally-accepted approaches for valuing a business interest are:

(a) The Income / Cash Flow Approach;

(b) The Market Approach; and

(c) The Cost or Asset-Based Approach.

A summary of these generally-accepted valuation approaches is provided below.

The Income/Cash Flow Approach is a general way of determining a value indication of a business (or its underlying assets), using one or more methods wherein a value is determined by capitalizing or discounting anticipated future benefits. This approach contemplates the continuation of the operations, as if the business is a "going concern". With regards to a company involved in exploration and development of a mineral property, or the valuation of a mineral property itself, the Income Approach generally relates to the current value of expected future income or cash flow arising from the potential development of a mineral project.

The Market Approach to valuation is a general way of determining a value indication of a business or an equity interest therein using one or more methods that compare the subject entity to similar businesses, business ownership interests and securities (investments) that have been sold. Examples of methods applied under this approach include, as appropriate: (a) the "Guideline Public Company Method", (b) the "Merger and Acquisition Method"; and (c) analyses of prior transactions of ownership interests in the subject entity.

The Cost Approach is based upon the economic principle of substitution. This basic economic principle asserts that an informed, prudent purchaser will pay no more for an asset than the cost to obtain an opportunity of equal utility (that is, either purchase or construct a similar asset). From an economic perspective, a purchaser will consider the costs that they will avoid and use this as a basis for value. The Cost Approach typically includes a comprehensive and all-inclusive definition of the cost to recreate an asset. Typically the definition of cost includes the direct material, labor and overhead costs, indirect administrative costs, and all forms of obsolescence applicable to the asset. With regards to mineral properties, the Cost Approach involves a review of the historical exploration expenditures and their contribution to the current value of the mineral property. In certain cases a discount or premium to historical development costs may be utilized.

The Asset-Based Approach is adopted where either: (a) liquidation is contemplated because the business is not viable as an ongoing operation; (b) the nature of the business is such that asset values constitute the prime determinant of corporate worth (e.g., vacant land, a portfolio of real estate, marketable securities, or investment holding company, etc.); or (c) there are no indicated earnings/cash flows to be capitalized. If consideration of all relevant facts establishes that the Asset-Based Approach is applicable, the method to be employed will be either a

going-concern scenario ("Net Asset Method") or a liquidation scenario (on either a forced or an orderly basis), depending on the facts.

Lastly, a combination of the above approaches may be necessary to consider the various elements that are often found within specialized companies and/or are associated with various forms of intellectual property.

11.2 Valuation of Mineral Property Interests

Mineral assets and mineral securities can be defined by their level of asset maturity:

i. "Exploration Areas" refer to properties where mineralization may or may not have been identified, but where a mineral resource has not been identified.

ii. "Mineral Resource Properties" are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made.

iii. "Development Projects" refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.

iv. "Operating Mines" are those mineral properties which have been fully commissioned and are in production.

The table below outlines the valuation approaches are generally considered appropriate to apply to each type of mineral property (as defined above) as outlined by the Special Committee of the Canadian Institute of Mining, Metallurgy and Petroleum on Valuation of Mineral Properties ("CIMVAL").

Valuation Approach	Exploration Properties	Mineral Resource Properties	Development Properties	Production Properties
Income	No	In some cases	Yes	Yes
Market	Yes	Yes	Yes	Yes
Cost	Yes	In some cases	No	No

12.0 SANDSTROM AGREEMENTS VALUATION APPROACHES

12.1 Overall Valuation Approach

With respect to the Streaming Agreement and the Revised Sandstorm Agreement, Evans & Evans believed it was appropriate to utilize the Discounted Cash Flow Method to determine the agreement-specific costs to Luna Gold under each agreement. As outlined in section 8.0 all other capital and operating costs of Luna Gold with respect to Aurizona were the same under the Streaming Agreement and the Revised Sandstorm Agreement. Accordingly, in its analysis, Evans & Evans focused only on the marginal costs of the Sandstorm Agreements in determining the fair market value of each. The conclusion thus represent the fair market value of the net present cash flows from Luna Gold to Sandstorm.

As a starting point for the Discounted Cash Flow Method for the Streaming Agreement and the Revised Sandstorm Agreement (each, a "Scenario"), Evans & Evans reviewed the financial model provided by management based on developing a new mine ("New Mine") on Aurizona and assumed, based on

discussions with management, that there would be no production from the Mine after March of 2015 until the New Mine begins operating in 2018.

For each Scenario, Evans & Evans assumed the Company is successful in securing funding for the New Mine. Funding provided to date by Sandstorm has not been deducted under the Discounted Cash Flow Method for each Scenario as the funding already provided to Luna Gold is considered a sunk cost; therefore, under each Scenario it is assumed that the funding provided to date has already been used. Evans & Evans did however deduct the interest payable under the Debt Facility and the Debenture as the terms of both were different under each Scenario.

The reader should note that in each Scenario, the tax rate of Sandstorm used in the Discounted Cash Flow Method was based on its effective tax rate based on a review of Sandstorm's financial statements and the tax rate of Luna Gold used was based on a review of the Company's reported results.

Evans & Evans utilized a gold price of $1,200/oz in its models given current market consensus on gold prices and the potential for fluctuations going forward. The gold price did have a significant impact on the calculations of the fair market value of the Sandstorm Agreements. An increase in the gold price increases the cost savings recognized by Luna under the Revised Sandstorm Agreement over the Streaming Agreement. Similarly, a decline in the assumed gold price has the effect of reducing the savings between the two Sandstorm Agreements.

12.2 Methods Considered but Not Utilized

Evans & Evans also attempted to use a variety of other confirmation approaches. In this regard, Evans & Evans examined and considered the following traditional valuation approaches, but were unable to use any of them:

(1) Asset Approach. The Asset-Based Approach is generally utilized where either: (i) the company is not deemed to be a going concern; (ii) the nature of the business is such that asset values represent the largest portion of the company's worth (e.g., real estate holding companies); and, (iii) there are no earnings or cash flow to be capitalized. In the case of the Sandstorm Agreements, given they are payments arising from operations and are thus intangible in nature and asset approach was not deemed appropriate.

(2) Cost Approach. The Cost Approach is generally appropriate under certain circumstances where an asset is still under development, there is no history of generating cash flows, and future cash flows are so uncertain as to be speculative. A weakness of the Cost Approach is that the cost of the opportunity may bear little relationship to the economic benefits that a purchaser might anticipate to derive from such opportunity upon commercial exploitation of the asset. As the Sandstorm Agreements represent payment commitments on behalf of Luna Gold, the costs to enter into the Sandstorm Agreements are not reflective the cumulative costs over the lifetime of the Sandstorm Agreements.

(3) Income Approach considering historical earnings or cash flow. The analysis focused on forward-looking cash flows as the Sandstorm Agreements themselves are forward looking. Given changes in production and operations going forward, an analysis of the terms of the Revised Sandstorm Agreement on historical operations of Luna Gold is not reflective of the potential benefit to be gained going forward.

13.0 VALUATION OF THE SANDSTORM AGREEMENTS

13.1 Valuation of the Streaming Agreement

As a starting point for the Discounted Cash Flow Method for the Streaming Agreement, Evans & Evans reviewed the management-prepared financial projections for years ended December 31, 2015 – 2026.

Derivation of a Discount Rate

In assessing discount rates to management's projections, Evans & Evans selected discount rates in the range of 15.81% to 17.87%.

A discount rate is used to convert a future stream of cash flows into value, whereas a capitalization rate (equal to the discount rate minus the cash flow growth rate) is utilized to convert a single period's cash flow into value. When utilizing debt-free cash flow, the most appropriate discount rate is the Company's weighted average cost of capital ("WACC"), which provides an expected rate of return based on the Company's capital structure, the required yield on the Company's equity, and the required yield on interest-bearing debt. Evans & Evans deemed it appropriate to use WACC for Luna Gold given that risks are associated with the underlying asset and its ability to produce the cash flows.

The basic formula for computing WACC can be expressed as follows:

$$WACC = (k_e \times W_e) + (k_d \times [1-t] \times W_d)$$

Where:

WACC	=	Weighted average cost of capital
k_e	=	Corporation's cost of equity capital
k_d	=	Corporation's cost of debt capital
W_e	=	Percentage of equity capital in the capital structure

W_d	=	Percentage of debt capital in the capital structure
t	=	Corporation's effective income tax rate

Based on our independent analysis, and discussions with management, we estimated the market cost of debt for the Company to be 12.0%, Luna Gold's actual cost of debt under the Debt Facility. This pre-tax cost of debt was used in the Discounted Cash Flow Method.

The cost of equity, was derived using the "build-up" method. The method constructs a discount rate by "building up" the components of such a rate. Starting with the risk-free rate prevalent at the Valuation Date, a generic equity risk premium, as well as a Company-specific risk premium (or discount) is then added.

Traditionally, business appraisers have almost uniformly used Ibbotson Associates' equity risk premium ("ERP") study that was based on data gathered in the Ibbotson Stocks, Bonds, Bills, and Inflation Classic Yearbook. The Ibbotson SBBI 2014 Classic Yearbook found an ERP of approximately 8.32% on an arithmetic average from 1926 to 2013. The build-up method also incorporates a small stock premium based on a study published by the Ibbotson SBBI 2014 Classic Yearbook. This study demonstrates that an investment in the smallest decile of stocks traded on the New York Stock Exchange provides yet another 3.46% return.

Combining the current long-term government bond yield and the equity-risk and small stock premia provides an estimate of the potential return that investors, in the March 2015 interest rate environment, require for investing in a diversified portfolio of equities. With Canadian government bond yields at 1.32% as of the date of the Valuation Date, the implied return requirement for investing in a market basket of publicly traded equities is 13.10%. This estimated required

return captures only systematic or market risk, and does not address the risk specific to the Company. For this reason, an investor in the Company would expect a premium to induce investment. It is our view that an investor would require at least 800 to 1,200 basis points to reflect the limited risk associated with the future cash flows from the New Mine.

Combining the variables discussed (long-term government bond yield, equity risk premium, and an allowance for size and the risks unique to the Company) indicates that a 21.10% to 25.10% discount rate is required.

A capital structure of 48% debt and 52% equity was utilized for Luna Gold. Applying these weightings results in a WACC of 15.81% and 17.87%.

The end result is a fair market value of the Streaming Agreement and the Debt Facility in the range of $56.2 million to $60.8 million. As noted, the fair market value represents the marginal costs to Luna Gold of the existing Streaming Agreement and Debt Facility. The reader is advised to refer to Schedule 1.0 – Streaming Agreement for detailed calculations.

13.2 Valuation of the Revised Sandstorm Agreement

As a starting point for the Discounted Cash Flow Method for the Revised Sandstorm Agreement, Evans & Evans reviewed the management-prepared financial projections for years ended December 31, 2015 – 2026.

In assessing discount rates to management's projections, Evans & Evans selected discount rates in the range of 15.81% to 17.87%, as calculated in the section 13.1. While Evans & Evans did consider market perceptions of the Company under the Revised Sandstorm Agreement might improve and accordingly lower Luna

Gold's potential cost of equity, it was the view of Evans & Evans that the risk profile of the cash flowing asset (i.e., Aurizona) was unchanged.

The end result is a fair market value of the Revised Sandstorm Agreement in the range of $45.1 million to $48.9 million. As noted, the fair market value represents the marginal costs to Luna Gold under the Revised Sandstorm Agreement. The reader is advised to refer to Schedule 2.0 – Revised Sandstorm Agreement for detailed calculations.

14.0 VALUATION CONCLUSIONS

In undertaking the above valuation approaches for the Sandstorm Agreement and the Revised Sandstorm Agreement, it was apparent that based on and subject to all of the foregoing, it is reasonable for Evans & Evans to outline that the fair market value of the cost savings of the Revised Sandstorm Agreement over the Streaming Agreement and Debt Facility are in the range of $11.1 to $11.9 million as at the Valuation Date as outlined in the following tables.

US$ - Fair Market Value of Costs	Low	High
Streaming Agreement	$56,200,000	$60,800,000
Revised Sandstorm Agreement	$45,100,000	$48,900,000

US$	Low	High
Fair Market Value of Cost Savings	$11,100,000	$11,900,000

15.0 QUALIFICATIONS AND CERTIFICATION

15.1 Qualifications

The Report preparation, and related fieldwork and due diligence investigations, were carried out by Jennifer Lucas and thereafter reviewed by Michael Evans.

Mr. Michael A. Evans, MBA, CFA, CBV, ASA, Principal, founded Evans & Evans, Inc. in 1989. For the past 29 years, he has been extensively involved in the financial services and management consulting fields in Vancouver, where he was a Vice-President of two firms, The Genesis Group (1986-1989) and Western Venture Development Corporation (1989-1990). Over this period he has been involved in the preparation of over 1,500 technical and assessment reports, business plans, business valuations, and feasibility studies for submission to various Canadian stock exchanges and securities commissions as well as for private purposes. Formerly, he spent three years in the computer industry in Western Canada with Wang Canada Limited (1983-1986) where he worked in the areas of marketing and sales.

Mr. Michael A. Evans holds: a Bachelor of Business Administration degree from Simon Fraser University, British Columbia (1981); a Master's degree in Business Administration from the University of Portland, Oregon (1983) where he graduated with honors; the professional designations of Chartered Financial Analyst (CFA), Chartered Business Valuator (CBV) and Accredited Senior Appraiser. Mr. Evans is a member of the CFA Institute, the Canadian Institute of Chartered Business Valuators ("CICBV") and the American Society of Appraisers ("ASA").

Ms. Jennifer Lucas, MBA, CBV, ASA, Managing Partner, joined Evans & Evans in 1997. Ms. Lucas possesses several years of relevant experience as an analyst in

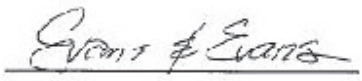
the public and private sector in British Columbia and Saskatchewan. Her background includes working for the Office of the Superintendent of Financial Institutions of British Columbia as a Financial Analyst. Ms. Lucas has also gained experience in the Personal Security and Telecommunications industries. Since joining Evans & Evans Ms. Lucas has been involved in writing and reviewing over 500 valuation and due diligence reports for public and private transactions.

Ms. Lucas holds: a Bachelor of Commerce degree from the University of Saskatchewan (1993), a Masters in Business Administration degree from the University of British Columbia (1995). Ms. Lucas holds the professional designations of Chartered Business Valuator and Accredited Senior Appraiser. She is a member of the CICBV and the ASA.

15.2 Certification

The analyses, opinions, calculations and conclusions were developed, and this Report has been prepared in accordance with the standards set forth by the Canadian Institute of Chartered Business Valuators. The fee established for the Report has not been contingent upon the value or other opinions presented. The authors of the Report have no present or prospective interest in Luna, the Company, and we have no personal interest with respect to the parties involved.

Yours very truly,



EVANS & EVANS, INC.

16.0 RESTRICTIONS AND CONDITIONS

This Report is intended for the purpose stated in section 1.0 hereof and, in particular, is based on the scope of work and assumptions as to results that could reasonably be expected at the Valuation Date.

The authors of the Report advise the reader to carefully review sections on the Conditions of the Report and the Assumptions of the Report to understand the critical assumptions that the Report is based on. It is not to be the basis of any subsequent valuation and is not to be reproduced or used other than for the purpose of this Report without prior written permission in each specific instance.

Evans & Evans reserves the right to review all information and calculations included or referred to in this Report and, if it consider necessary, to revise its views in the light of any information which becomes known to it during or after the date of this Report. The authors of the Report disclaim any responsibility or liability for losses occasioned to Luna, the Company, their respective investors, shareholders and all other related and other parties including potential investors as a result of the circulation, publication, reproduction or use of this Report or its use contrary to the provisions of this paragraph.

17.0 SCHEDULES

Schedule 1.0 – Streaming Agreement
Schedule 2.0 – Revised Sandstorm Agreement

SCHEDULE 1.0 – STREAMING AGREEMENT

Streaming Agreement

Discounted Cash Flow Method

For the Years Ended December 31

Costs to Luna Gold

US$	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Note
						12 Months							
Total Gold Produced by Luna (ozs)	0	0	0	145,173	109,432	116,251	101,287	84,521	111,384	124,075	100,264	29,776	1
Percentage Sold to Sandstorm		17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	2
Gold Sales to Sandstorm (ozs)		**0**	**0**	**24,679**	**18,603**	**19,763**	**17,219**	**14,369**	**18,935**	**21,093**	**17,045**	**5,062**	
Luna Gold - Lost Revenues	**$0**	**$0**	**$0**	**$16,305,922**	**$12,225,182**	**$12,915,857**	**$11,190,721**	**$9,285,525**	**$12,166,554**	**$13,473,784**	**$10,823,624**	**$3,195,000**	3
Cost of Gold	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	4
Interest Expense	$2,400,000	$2,400,000	$1,200,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	5
Net Lost Revenues before Tax	**$2,400,000**	**$2,400,000**	**$1,200,000**	**$16,305,922**	**$12,225,182**	**$12,915,857**	**$11,190,721**	**$9,285,525**	**$12,166,554**	**$13,473,784**	**$10,823,624**	**$3,195,000**	
Income Taxes	-$366,000	-$366,000	-$183,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	6
Net Profit	**$2,034,000**	**$2,034,000**	**$1,017,000**	**$16,305,922**	**$12,225,182**	**$12,915,857**	**$11,190,721**	**$9,285,525**	**$12,166,554**	**$13,473,784**	**$10,823,624**	**$3,195,000**	
Principal Repayment			$22,300,000										7
Net After Tax Cash Flow	**$2,034,000**	**$2,034,000**	**$23,317,000**	**$16,305,922**	**$12,225,182**	**$12,915,857**	**$11,190,721**	**$9,285,525**	**$12,166,554**	**$13,473,784**	**$10,823,624**	**$3,195,000**	
Discountd Cash Flow - High	$1,912,357	$1,656,065	$16,105,727	$9,555,077	$6,077,506	$5,447,214	$4,003,967	$2,818,513	$3,133,014	$2,943,510	$2,005,995	$502,353	
Discountd Cash Flow - Low	$1,925,068	$1,693,042	$16,758,802	$10,119,735	$6,551,377	$5,976,596	$4,471,387	$3,203,643	$3,624,588	$3,466,044	$2,404,201	$612,805	

Total Discounted Cash Flow - Low - Note 8	**$56,200,000**
Total Discounted Cash Flow - High - Note 8	**$60,800,000**

Notes

1 Forecast production per the Company's current financial model.

2 As outlined in the Streaming Agreement

3 Market price of gold as at the Valuation Date	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200
Sandstorm cost of gold as per the Streaming Agreement	$404	$408	$412	$416	$420	$425	$429	$433	$437	$442	$446	$451	$455
Lost Revenue per Ounze	$796	$792	$788	$784	$780	$775	$771	$767	$763	$758	$754	$749	$745
Total Lost Revenues		$0	$0	$0	$19,240,026	$14,424,994	$15,239,949	$13,204,391	$10,956,371	$14,355,816	$15,898,270	$12,771,238	$3,769,911
Less: Taxes on Revenues		$0	$0	$0	-$2,934,104	-$2,199,812	-$2,324,092	-$2,013,670	-$1,670,847	-$2,189,262	-$2,424,486	-$1,947,614	-$574,911
Net Lost Revenues		$0	$0	$0	$16,305,922	$12,225,182	$12,915,857	$11,190,721	$9,285,525	$12,166,554	$13,473,784	$10,823,624	$3,195,000

4 No cost to the lost revenues as the gold is provided directly to Sandstorm

5 Interest is payable quarterly on the Debt Facility.

Principal	$20,000,000
Interest Rate	12%
Quarterly Interest on the Debt Facility	$2,400,000

6 Luna Gold Effective Tax Rate 15.25%

No tax sheild on lost revenues.

Interest expense does provide a tax shield.

Streaming Agreement

Discounted Cash Flow Method

For the Years Ended December 31

Costs to Luna Gold

7 The Debt Facility plus accrued interest is due and payable on June 30, 2017

Principal	$20,000,000
Accrued Interest as at December 31, 2014	$2,300,000
	$22,300,000

8 The discount rate was based on Luna Gold's weighted average cost of capital as the asset underlying the revenue stream.

Discount Rate Calculation

Cost of Debt	12.00%	Existing Luna Gold debt agreements
Tax Rate	15.25%	BC Corporate Tax Rate

Cost of Equity

Long term government bond yields	1.32%	1.32%	10 year Canadian bonds
Adjusted large cap equity risk premia	8.32%	8.32%	
Small cap equity risk premia	3.46%	3.46%	
Company specific risk / growth premium	8.00%	12.00%	
Required equity return to induce investment in the Company	21.10%	25.10%	

Total Debt to Equity

Debt	48%	Integrated Mining Average
Equity	52%	

Weighted Average Cost of Capital

WACC=Cost of Debt (1-tax rate) (Debt /Total Capital) + Cost of Equity (Equity/Total Capital)

WACC - Low	15.81%

WACC=Cost of Debt (1-tax rate) (Debt /Total Capital) + Cost of Equity (Equity/Total Capital)

WACC - High	17.87%

SCHEDULE 2.0 – REVISED SANDSTORM AGREEMENT

Revised Sandstorm Agreement

Discounted Cash Flow Method

Costs to Luna Gold

For the Years Ended December 31

US$	2015	2016	2017	2018	2019	2020	2021	12 Months 2022	2023	2024	2025	2026	Note
Total Gold Produced by Luna (ozs)		0	0	145,173	109,432	116,251	101,287	84,521	111,384	124,075	100,264	29,776	1
Luna Gold Expenses													
Sandstorm NSR		$0	$0	$5,226,244	$3,939,562	$4,185,049	$3,646,342	$3,042,746	$4,009,827	$4,466,693	$3,609,510	$1,071,931	2
Withholding Tax on Sandstorm NSR		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	3
Interest Expense	$1,750,000	$2,500,000	$2,500,000	$2,000,000	$1,500,000	$1,000,000	$500,000	$0	$0	$0	$0	$0	4
Net Expenses before Tax	**$1,750,000**	**$2,500,000**	**$2,500,000**	**$7,226,244**	**$5,439,562**	**$5,185,049**	**$4,146,342**	**$3,042,746**	**$4,009,827**	**$4,466,693**	**$3,609,510**	**$1,071,931**	
Income Taxes	-$266,875	-$381,250	-$381,250	-$1,102,002	-$829,533	-$790,720	-$632,317	-$464,019	-$611,499	-$681,171	-$550,450	-$163,469	5
Net Profit	**$1,483,125**	**$2,118,750**	**$2,118,750**	**$6,124,241**	**$4,610,029**	**$4,394,329**	**$3,514,025**	**$2,578,727**	**$3,398,329**	**$3,785,522**	**$3,059,060**	**$908,461**	
Principal& Interest Cash Payments	$0	$0	$0	$15,250,000	$11,000,000	$10,500,000	$28,800,000	$0	$0	$0	$0	$0	6
Net After Tax Cash Flow	**$1,483,125**	**$2,118,750**	**$2,118,750**	**$21,374,241**	**$15,610,029**	**$14,894,329**	**$32,314,025**	**$2,578,727**	**$3,398,329**	**$3,785,522**	**$3,059,060**	**$908,461**	
Discountd Cash Flow - High	$1,394,427	$1,725,068	$1,463,482	$12,525,052	$7,760,215	$6,281,627	$11,561,747	$782,743	$875,105	$826,993	$566,950	$142,838	
Discountd Cash Flow - Low	$1,403,695	$1,763,586	$1,522,825	$13,265,221	$8,365,289	$6,892,101	$12,911,456	$889,699	$1,012,410	$973,801	$679,495	$174,244	

Total Discounted Cash Flow - Low - Note 7	**$45,900,000**
Total Discounted Cash Flow - High - Note 7	**$49,900,000**

Notes

1 Forecast production per the Company's current financial model.

2 Sandstorm NSR

	2015	2016	2017	2018	2019	2020	2021	2022	2022	2022	2022	2022
Production Subject to Sandstorm NSR	0	0	0	145,173	109,432	116,251	101,287	84,521	111,384	124,075	100,264	29,776
Market price of gold as at the Valuation Date	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00
Sandstorm NSR	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

3 Sandstorm NSR and interest payments are not subject to Brazilian witholding tax

4 Interest expenses on Debt Facility and Debenture

Debt Facility - Principal	$20,000,000	Accrued Interest as at December 31, 2014 requiring repayment at end of term:							$2,300,000			
Debt Facility - Interest	5.0%											
Maturity Date	June 30, 2021											
Annual Interest Payments	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$500,000					

Sandstorm Debenture	$30,000,000											
Interest Rate	5.0%											
	2015	2016	2017	2018	2019	2020	2021	2022	2022	2022	2022	2022
Opening Amount	$30,000,000	$30,000,000	$30,000,000	$30,000,000	$20,000,000	$10,000,000	$0	$0	$0	$0	$0	$0
Cash or Share Payment to Sandstorm	$0	$0	$0	-$10,000,000	-$10,000,000	-$10,000,000	$0	$0	$0	$0	$0	$0
Closing Amount	$30,000,000	$30,000,000	$30,000,000	$20,000,000	$10,000,000	$0	$0	$0	$0	$0	$0	$0
Amount Outstanding as at January 1	$30,000,000	$30,000,000	$30,000,000	$20,000,000	$10,000,000	$0	$0	$0	$0	$0	$0	$0
Interest	$750,000	$1,500,000	$1,500,000	$1,000,000	$500,000	$0	$0	$0	$0	$0	$0	$0
Interest Accrued	$750,000	$2,250,000	$3,750,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Interest Paid	$0	$0	$0	$5,250,000	$1,000,000	$500,000	$0	$0	$0	$0	$0	$0

Revised Sandstorm Agreement

Discounted Cash Flow Method

Costs to Luna Gold

For the Years Ended December 31

Interest accrues until January 1, 2018. On January 1, 2018 the Company is required to make the first principal payment along with all interest accrued to that date. Thereafter on the following January 1st, the Company will pay interest from the previous year plus the current year principal payments.

5	Luna Gold Effective Tax Rate	15.25%											
	NSR and interest payments would provide a tax shield.												
6	Debenture Principal + Interest		$0	$0	$0	$15,250,000	$11,000,000	$10,500,000	$0	$0	$0	$0	$0	$0
	Debt Facility Principal + Interest		$0	$0	$0	$0	$0	$0	$28,800,000					
			$0	$0	$0	$15,250,000	$11,000,000	$10,500,000	$28,800,000	$0	$0	$0	$0	$0

7 The discount rate was based on Luna Gold's weighted average cost of capital as the asset underlying the revenue stream.

Discount Rate Calculation

Cost of Debt	12.00%	Existing Luna Gold debt agreements		
Tax Rate	15.25%	BC Corporate Tax Rate		
Cost of Equity				
Long term government bond yields		1.32%	1.32%	10 year Canadian bonds
Adjusted large cap equity risk premia		8.32%	8.32%	
Small cap equity risk premia		3.46%	3.46%	
Company specific risk / growth premium		8.00%	12.00%	
Required equity return to induce investment in the Company		21.10%	25.10%	
Total Debt to Equity				
Debt	48%	Integrated Mining Average		
Equity	52%			

Weighted Average Cost of Capital

WACC=Cost of Debt (1-tax rate) (Debt /Total Capital) + Cost of Equity (Equity/Total Capital)

WACC - Low	15.81%

WACC=Cost of Debt (1-tax rate) (Debt /Total Capital) + Cost of Equity (Equity/Total Capital)

WACC - High	17.87%


LUNAGOLD