



# ATLANTIC GOLD

## ATLANTIC GOLD CORPORATION (the "Company")

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### INFORMATION CIRCULAR FOR ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

(as at October 20, 2016, except as otherwise indicated)

#### SOLICITATION OF PROXIES

The Company is providing this Information Circular and a form of Proxy in connection with management's solicitation of proxies for use at the Annual General Meeting (the "**Meeting**") of the Company to be held November 24, 2016 and at any postponement(s) or adjournment(s) thereof. Unless the context otherwise requires, when we refer in this Information Circular to the Company, any subsidiaries are also included.

The solicitation of Proxies will be primarily by mail, but Proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. In accordance with National Instrument 54-101 (Communication with Beneficial Owners of Securities of a Reporting Issuer) of the Canadian Securities Administrators ("**NI 54-101**"), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the common shares of the Company (the "**Shares**") held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in so doing. All costs of this solicitation will be borne by the Company.

**In this Information Circular references to "C\$ or \$" are to amounts in Canadian dollars unless otherwise indicated.**

#### APPOINTMENT OF PROXYHOLDERS

**A shareholder entitled to vote at the Meeting may by means of a Proxy appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders, to attend and act at the Meeting for the shareholder on the shareholder's behalf.** Submitting a Proxy by mail, fax or by hand delivery are the only methods by which a shareholder may appoint a person as Proxy other than a director or officer of the Company named on the form of Proxy.

The individuals named in the accompanying form of Proxy are directors and/or officers of the Company. **A shareholder wishing to appoint some other person (who need not be a shareholder) to represent him or her at the Meeting has the right to do so, either by inserting such person's name in the blank space provided in the form of Proxy or by completing another form of Proxy.** Such a shareholder should notify the nominee of his or her appointment, obtain his or her consent to act as Proxy and instruct him or her on how the shareholder's Shares are to be voted. In any case, the form of Proxy should be dated and executed by the shareholder or his/her attorney authorized in writing, or if the shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized.

## PROXY INSTRUCTIONS

Only shareholders whose names appear on the records of the Company as the registered holders of the shares or duly appointed proxyholders are permitted to vote at the Meeting. Registered shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Completed forms of Proxy must be deposited with the Company's transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the commencement of the Meeting or the adjournment thereof at which the Proxy is to be used, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## REVOCABILITY OF PROXIES

In addition to revocation in any other manner permitted by law, a shareholder who has given a Proxy may revoke it by either executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the shareholder or the shareholder's authorized attorney in writing; or, if the shareholder is a company, under its corporate seal by an officer or attorney duly authorized; and by depositing the Proxy bearing a later date with Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, that precedes any reconvening thereof, or to the chair of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law. In addition, a Proxy may be revoked by the shareholder personally attending the Meeting and voting the shareholder's Shares. A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

## EXERCISE OF DISCRETION

On a poll, the nominees named in the accompanying form of Proxy will vote or withhold from voting the Shares represented thereby in accordance with the instructions of the shareholder on any ballot that may be called for. If a shareholder specifies a choice with respect to any matter to be acted upon, such shareholder's Shares will be voted accordingly. **The Proxy will confer discretionary authority on the nominees named therein with respect to each matter or group of matters identified therein for which a choice is not specified any amendment to or variation of any matter identified therein and any other matter that properly comes before the Meeting.**

**If a shareholder does not specify a choice in the Proxy and the shareholder has appointed one of the management nominees named in the accompanying form of Proxy, the management nominee will vote Shares represented by the Proxy in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

As of the date of this Information Circular, management of the Company knows of no amendment, variation or other matter that may come before the Meeting but, if any amendment, variation or other matter properly comes before the Meeting, each nominee in the accompanying form of Proxy intends to vote thereon in accordance with the nominee's best judgment.

## ADVICE TO BENEFICIAL (NON-REGISTERED) SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders of the Company, as a substantial number of shareholders do not hold Shares in their own name. Shareholders who do not hold their Shares in their own name (referred to in this Information Circular, collectively, as "**Beneficial Shareholders**") should note that only Proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Shares will not be registered in the shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In the United States the vast majority of such shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited; and which acts as nominee for many Canadian brokerage firms). Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person.

These securityholder materials are being sent to both registered and non-registered owners of the Shares. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the

Meeting. The form of Proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of Proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge typically prepares its own proxy forms, mails those forms to the Beneficial Shareholders and requests the Beneficial Shareholders to return the proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Broadridge proxy cannot use that proxy to vote Shares directly at the Meeting. That proxy must be returned to Broadridge well in advance of the Meeting in order to have those Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his or her broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered shareholder and vote the Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the instrument of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting. Alternatively, a Beneficial Shareholder may request in writing that his or her broker send to the Beneficial Shareholder a legal proxy which would enable the Beneficial Shareholder to attend at the Meeting and vote his or her Shares.

Under NI 54-101, Beneficial Shareholders who have not objected to their nominee disclosing certain ownership information about themselves to the Company are referred to as "non-objecting beneficial owners ("**NOBOs**"). Those non-registered holders who have objected to their nominee disclosing ownership information about themselves to the Company are referred to as "objecting beneficial owners" ("**OBOs**").

The Company is sending the Proxy-related materials for the Meeting directly to NOBOs as defined under NI 54-101. If you are a Beneficial Shareholder, and the Company or its agent has sent these materials directly to you (instead of through a nominee), your name and address and information about your NOBO holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the nominee(s) holding on your behalf. By choosing to send these materials to you directly, the Company (and not the nominee(s) holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The Company does not intend to pay for nominees to deliver the Meeting materials and Form 54-101F7 (Request for Voting Instructions Made by Intermediary) to OBOs. As a result, OBOs will not receive the Meeting materials unless their respective nominee assumes the costs of delivery.

#### **NOTICE-AND-ACCESS**

The Company is not sending this Information Circular to registered or Beneficial Shareholders using "notice-and-access" as defined under NI 54-101.

#### **RECORD DATE AND VOTING SECURITIES**

The Company has set the close of business (5:00 p.m. (Vancouver time)) on October 20, 2016 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of and to vote at the Meeting. Only the registered holders of Shares, and those beneficial holders entitled to receive notice pursuant to NI 54-101 through their intermediaries, as at that date, are entitled to receive notice of and to vote at the Meeting unless after that date a shareholder of record transfers his or her Shares and the transferee, upon producing properly endorsed certificates evidencing such Shares or otherwise establishing that he or she owns such Shares, requests by contacting Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, at least 10 calendar days prior to the Meeting that the transferee's name be included in the list of shareholders entitled to vote, in which case such transferee is entitled to vote such Shares at the Meeting.

The Company is authorized to issue an unlimited number of Shares without par value, of which 173,331,713 Shares are issued and outstanding as at the date hereof. The Company is also authorized to issue an unlimited number of preferred shares (the "**Preferred Shares**") without par value. No Preferred Shares are issued and outstanding as at the date hereof.

Persons who are registered shareholders of Shares at the close of business on October 20, 2016 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each Share held.

## PRINCIPAL HOLDERS OF VOTING SECURITIES

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, or controls or directs, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company except as follows:

Shareholder Name	Number of Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Shares
Ryan Beedie	43,136,944 <sup>1</sup>	24.89%

(1) Beedie Investments Ltd., which is owned by Beedie Industrial Projects Ltd., a company wholly owned by Ryan Beedie, is the registered holder of such Shares. Ryan Beedie is a director of the Company.

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

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those referred to in the Notice of Meeting accompanying this Information Circular. However, should any other matters properly come before the Meeting; the Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgement of the persons voting the shares represented by the Proxy.

Additional details regarding each of the matters to be acted upon at the Meeting are set forth below.

### (A) PRESENTATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the financial year ended December 31, 2015 and the report of the auditor thereon, which were mailed to registered Shareholders who requested the same, will be placed before the Meeting. Copies are available under the Company's profile on SEDAR, which can be accessed at [www.sedar.com](http://www.sedar.com).

### (B) DETERMINATION OF THE NUMBER OF DIRECTORS

At the Meeting, shareholder approval will be sought to fix the number of directors of the Company at eight (8).

The management nominee proxyholders named in the enclosed form of Proxy intend to vote in favour of fixing the number of directors of the Company at eight (8).

### (C) ELECTION OF DIRECTORS

Each Director of the Company is elected annually and holds office until the next Annual General Meeting of Shareholders unless his successor is duly elected or until his resignation as a director.

In the absence of instructions to the contrary, the Shares represented by Proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director.

## INFORMATION CONCERNING NOMINEES SUBMITTED BY MANAGEMENT

The following tables provide information on the eight (8) potential nominees proposed for election as directors of the Company, the province (or state) and country in which each is ordinarily resident, and the period or periods during which each has served as a director. Included in these tables is information relating to the nominees' membership on committees of the board of directors of the Company (the "**Board**"), other public board memberships held, and Board and committee meeting attendance in relation to the Company for the 12 months ended December 31, 2015. Since January 1, 2015, the Board held a total of 12 scheduled Board meetings up to the date of this Information Circular. In addition to the attendance listed below, directors from time to time attend other committee meetings by invitation.

The tables also show the present principal occupation, business or employment of each nominee, and principal occupations, businesses and employments held in the last five years, if not a previously elected director. In addition, the tables show the number of securities of the Company and any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by each of the nominees.

The Company has not received notice of and management is not aware of any additional proposed nominees.

Name, Jurisdiction of Residence and Position <sup>(1)</sup>	Principal occupation or employment and, if not a previously elected director, occupation during the past 5 years <sup>(1)</sup>	Date of appointment as director	Number of Shares beneficially owned, controlled or directed, directly or indirectly <sup>(2)</sup>	Committee Membership
<b>W. David Black</b>  British Columbia, Canada Director  Independent: Yes	Director of the Company; director of Zincore Metals Inc.; retired Partner, DuMoulin Black LLP, Barristers and Solicitors.	June 22, 2000	575,000	Nominating and Corporate Governance (Chair)  Audit  Compensation
<b>William P. Armstrong</b>  British Columbia, Canada Director  Independent: Yes	Director of the Company; Mining Consultant; Principle of Metallica Consulting Co.; Director of Taseko Mines Ltd.	September 12, 2013	Nil	None
<b>Donald Siemens</b>  British Columbia, Canada Director  Independent: Yes	Director of the Company; Chartered Accountant, and independent financial advisor	June 14, 2011	Nil	Audit (Chair)  Nominating and Corporate Governance  Compensation

Name, Jurisdiction of Residence and Position <sup>(1)</sup>	Principal occupation or employment and, if not a previously elected director, occupation during the past 5 years <sup>(1)</sup>	Date of appointment as director	Number of Shares beneficially owned, controlled or directed, directly or indirectly <sup>(2)</sup>	Committee Membership
<b>Steven G. Dean</b>  British Columbia, Canada Chairman, CEO and Director  Independent: No	Director, Chairman and CEO of the Company	June 19, 2003	3,945,620 <sup>(3)</sup>	None
<b>Robert G. Atkinson</b>  British Columbia, Canada Vice-Chairman and Director  Independent: Yes	Director and Vice Chairman of the Company	March 21, 1996	3,563,246 <sup>(4)</sup>	Compensation (Chair)  Audit  Nominating and Corporate Governance
<b>John Morgan</b>  British Columbia, Canada Director  Independent: No	Director and Advisor of the Company	April 10, 2012	684,500	None
<b>Walter Bucknell</b>  Sydney, Australia Director  Independent: No	Director and Advisor of the Company	August 20, 2014	451,750 <sup>(5)</sup>	None
<b>Ryan Beedie</b>  British Columbia, Canada Director  Independent: No	Director of the Company; President of Beedie Development Group, which develops industrial and residential real estate in Western Canada	May 10, 2016	43,136,944 <sup>(6)</sup>	None

(1) The information as to province and jurisdiction of residence, and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors.

(2) Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at, October 20, 2016 based upon information furnished to the Company by individual directors. Unless otherwise indicated, such shares are held directly.

(3) Mr. Steven Dean indirectly owns or exercises control over 3,423,000 Shares through a trust of which Mr. Dean is a beneficiary.

(4) Mr. Robert Atkinson indirectly owns or exercises control over 3,563,246 Shares through a trust of which Mr. Atkinson is a beneficiary.

(5) Mr. Bucknell indirectly owns or exercises control over 451,750 Shares through a trust of which Mr. Bucknell is a beneficiary.

(6) Mr. Beedie indirectly owns 43,136,944 Shares through Beedie Investments Ltd., which is owned by Beedie Industrial Projects Ltd., a company which is wholly owned by Mr. Beedie. Beedie Investments Ltd. is also the holder of an \$8,000,000 convertible debenture of the Company which is convertible into 13,333,333 Common Shares of the Company. The convertible debenture has an interest rate of 8.5% per annum, payable semi-annually, and has a maturity date that is the later of (a) May 10, 2021 and (b) the earlier of (i) the date that is six months following the final maturity date under the Company's Project Facility Agreement entered into on May 6, 2016, and (ii) May 30, 2022

Other than as disclosed below, no proposed director (including any personal holding company of a proposed director):

(a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer ("CEO") or chief financial officer ("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 Information Circular, or has been within 10 years before the date of the Information 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 Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of 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. Siemens was a director of Great Western Minerals Group Ltd. ("GWMG") from January 2014 until his resignation in July 2015. On May 11, 2015, an order was issued by the Financial and Consumers Affairs Authority of the Province of Saskatchewan that all trading in the securities of GWMG be ceased due to its failure to file financial statements for the year ended December 31, 2014. On April 30, 2015, GWMG was granted protection from its creditors under the *Companies' Creditors Arrangement Act* upon receiving an initial order from the Ontario Superior Court of Justice Commercial List, which includes, among other things, a stay of proceedings against GWMG, and the appointment of PricewaterhouseCoopers Inc. as monitor of GWMG.

**See also Schedule "A" - Corporate Governance Practices for information in respect of directorships in other reporting issuers held by the directors of the Company.**

#### **(D) APPOINTMENT OF AUDITORS**

PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver, British Columbia are the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as the auditors of the Company to hold office for the ensuing year at remuneration to be fixed by the directors.

PricewaterhouseCoopers LLP, Chartered Accountants, was first appointed as auditors of the Company on December 31, 1993.

#### **(E) APPROVAL OF ROLLING STOCK OPTION PLAN**

##### Current Fixed Stock Option Plan

As described under "Incentive Plan Awards - Option-Based Awards – Stock Option Plan", the Company currently has a "fixed" stock option plan (the "**Fixed Plan**"). Pursuant to the Fixed Plan, the maximum number of Shares issuable pursuant to options granted under the Fixed Plan is 17,323,717 Shares. As of the date of this Information Circular, the Company has granted a total of 15,338,700 stock options, including stock options granted under previously established stock options plans or prior options grants, with a remaining balance of 1,985,017 stock options eligible for future grants under the current Fixed Plan.

New 10% Rolling Stock Option Plan

The Board of Directors has determined that it is in the best interests of the Company to forego a "fixed" number stock option plan in favour of a "rolling" stock option plan. Based on polls taken with the Company's significant shareholders, implementing a rolling stock option plan is favorable. As such, the Board has approved the adoption of a new rolling stock option plan (the "**Rolling Plan**"), which will replace the Fixed Plan, subject to approval by the shareholders of the Company as discussed below. The Rolling Plan was conditionally approved, subject to shareholder approval, by the TSX Venture Exchange (the "TSXV") on October 19, 2016. Under the Rolling Plan, the maximum number of Shares that may be reserved for issuance under outstanding stock options will be 10% of the Company's issued and outstanding Shares as constituted on the date of any grant of options under the Rolling Plan.

As was the case with the Fixed Plan, the purpose of the Rolling Plan is to allow the Company to grant stock options to directors, officers, employees and consultants as additional compensation, and as an opportunity to participate in the success of the Company, its affiliates and its subsidiaries. The granting of such options is intended to align the interests of such persons with that of the shareholders of the Company. The Rolling Plan also allows for a provision to attract and retain new staff as the Company continues to grow and develop into an operating mining Company. Stock options will be exercisable over periods of up to ten years after the date of grant (subject to extension where the expiry date falls within a "blackout period") as determined by the Board and are required to have an exercise price no less than the closing market price of the Shares of the day on which the Company announces the grants of options (or, if the grant is not announced as permitted by TSXV policies, the closing market price prevailing on the day that the option is granted), less the applicable discount, if any, permitted by the policies of the TSXV and approved by the Board.

The details of the Rolling Plan are summarized below, with the terms "Consultant", "Disinterested Shareholder Approval", "Eligible Charitable Organization", "Employee", "Investor Relations Activities", "Management Company Employee", "Market Price", "Material Information", and "Person" as used below having the same definition as in the policies of the TSXV:

- (a) the Rolling Plan reserves, for issuance pursuant to the exercise of options, a maximum number of Shares equal to 10% of the issued Shares at the time of any option grant;
- (b) an optionee must either be a director, senior officer, employee or consultant of the Company or an Eligible Charitable Organization or the time the option is granted in order to be eligible for the grant of an option to the optionee;
- (c) the aggregate number of Shares reserved for issuance under options granted to insiders as a group at any point in time must not exceed 10% of the total number of issued and outstanding Shares (unless the Company has obtained the requisite Disinterested Shareholder Approval);
- (d) the aggregate number of options granted to insiders as a group in a 12 month period must not exceed 10% of the total number of issued and outstanding Shares on the date an option is granted to any Insider (unless the Company has obtained the requisite Disinterested Shareholder Approval);
- (e) the aggregate number of options granted to any one Person (and companies wholly owned by that Person) in a 12 month period must not exceed 5% of the issued Shares calculated on the date an option is granted to the Person (unless the Company has obtained the requisite Disinterested Shareholder Approval);
- (f) the aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the issued Shares, calculated at the date an option is granted to the Consultant;
- (g) the aggregate number of options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the issued Shares in any 12 month period, calculated at the date an option is granted to any such Person;
- (h) the aggregate number of options granted and outstanding to Eligible Charitable Organizations must not at any time exceed 1% of the issued Shares, as calculated immediately subsequent to the grant of any options to Eligible Charitable Organizations.
- (i) options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any 3 month period;

- (j) the minimum exercise price per Share for an option must not be less than the Discounted Market Price of the Shares on the date of grant;
- (k) options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a "blackout period" (see (t) below);
- (l) on termination for cause, an optionee's options shall terminate and cease to be exercisable upon the date of such termination;
- (m) on the death or disability of an optionee, all vested options will expire at the earlier of 12 months after the date of death or disability and the expiry date of such options.
- (n) If an optionee retires or voluntarily resigns or is otherwise terminated by the Company any reason other than death, disability, or termination for cause, then all options held by such optionee will expire at the earlier of (i) the expiry date of such options and (ii) the date which is 90 days (30 days if the optionee was engaged in Investor Relations Activities) after the termination date, although the Board, if it determines such is in the best interests of the Company, may extend the 90 day period to a later date within a reasonable period not exceeding one year in accordance with the policies of the TSXV.
- (o) all options are non-assignable and non-transferable, subject to the options being exercisable by the optionee's heirs or administrators;
- (p) Disinterested Shareholder Approval will be obtained for any reduction in the exercise price of an option if the Optionee is an Insider of the Company at the time of the proposed amendment;
- (q) the Rolling Plan contains provisions for adjustment in the number of Shares or other property issuable on exercise of an option in the event of a share consolidation, split, reclassification or other capital reorganization, or a stock dividend, amalgamation, merger or other relevant corporate transaction, or any other relevant change in or event affecting the Shares;
- (r) upon the occurrence of an Accelerated Vesting Event (as defined in the Rolling Plan), the Board will have the power, at its sole discretion and without being required to obtain the approval of shareholders or the holder of any option (except pertaining to options granted to Consultants performing Investor Relations Activities which will be subject to prior written TSXV approval), to make such changes to the terms of options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of options, conditionally or unconditionally; (b) terminating every option if, under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the options are proposed to be granted to or exchanged with the holders of options, which replacement options treat the holders of options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Shares under such transaction; (c) otherwise modifying the terms of any option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of the Rolling Plan be final, conclusive and binding;
- (s) in connection with the exercise of an option, as a condition to such exercise the Company shall require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option;
- (t) in order to ensure that holders of outstanding options are not prejudiced by the imposition of black-out periods restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the Board, the Rolling Plan provides that an option will be automatically extended past its expiry date if such expiry date falls within a blackout period during which the Company prohibits optionees from exercising their options, subject to the following requirements: (a) the blackout period must be formally imposed by the Company pursuant to its internal trading policies; (b) the blackout period must expire upon the general disclosure of undisclosed Material Information, and the expiry date of the affected options can be extended to no later than ten (10) business days after the expiry of the blackout period, provided that if any additional blackout period is subsequently imposed by the Company, then such extension period shall be deemed to commence following the end of any such additional blackout period to enable the exercise of such options within ten (10) business days following the end of the last imposed blackout period; and (c) the automatic extension of an

optionee's option will not be permitted where the optionee or the Company is subject to a cease trade order (or similar order under securities laws) in respect of the Company's securities; and

- (u) all options governed by the Fixed Plan that are outstanding as of the effective date of the Rolling Plan will count against the number of shares reserved for issuance under the Rolling Plan as long as such options remain outstanding, and will be governed by the Rolling Plan..

The Rolling Plan was prepared in accordance with current TSXV policies and the full text of the Rolling Plan is attached as Schedule "B" to this Information Circular, and will be available for viewing up to the date of the Meeting at the Company's offices at Suite 3083, 595 Burrard Street, Bentall III, Box 49298, Vancouver, B.C. and will also be available for review at the Meeting.

#### Shareholder Approval at the Meeting

Under the policies of the TSXV, the Rolling Plan must be approved and ratified by an ordinary resolution of the shareholders entitled to vote at the Meeting.

**In order to be passed, a majority of the votes cast by Shareholders at the Meeting in person or by proxy must be voted in favour of the resolution. Unless otherwise instructed, the management nominee proxyholders named in the enclosed Proxy intend to vote in favour of the approval of the Rolling Plan.**

At the Meeting, Shareholders will be asked to pass an ordinary resolution of shareholders (the "**Rolling Plan Resolution**") in the following form:

"BE IT RESOLVED, as an ordinary resolution, that, pursuant to and in accordance with TSXV policies and for all other purposes, the Rolling Plan (as defined and described in the Company's Information Circular dated October 20, 2016, with such changes to the Rolling Plan as may be required by the TSXV) pursuant to which the maximum number of shares which may be issuable to eligible persons pursuant to options shall be a maximum of 10% of the issued and outstanding Common Shares of the Company at the time of any stock option grant, be and is hereby authorized, ratified, confirmed and approved, subject to any required regulatory approval."

**The Board has reviewed the proposed resolution and concluded that it is fair and reasonable to the shareholders and in the best interests of the Company, and recommends that shareholders vote FOR the Rolling Plan Resolution.**

**If approved, the Rolling Plan will supersede and replace the Fixed Plan.** If the requisite shareholder approval of the Rolling Plan is not obtained at the Meeting, the Rolling Plan will not be implemented and the Fixed Plan will remain in effect.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Compensation Committee has the responsibility to administer the compensation policies related to the executive management of the Company.

The Compensation Committee consists of three independent directors, Robert Atkinson (Chair), W. David Black and Donald Siemens. All members of the Compensation Committee currently hold, or have held positions in Compensation Committees with other public companies. Additional disclosure with respect to skills and experience in relation to executive compensation of the members of the Compensation Committee are outlined under Schedule "A" below.

Bonuses paid to senior executives are based on the Compensation Committee's assessment of the Company's financial and operating performance, as compared to the Company's peers, and objectives approved by the Board.

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Compensation for 2015 and prior fiscal years has been based upon a negotiated salary, with stock options and bonus potentially being issued and paid as reward and incentive for performance. The Company annually compares its total compensation package with those of companies considered as suitable benchmark companies.

### *Risk Considerations*

Executive compensation is comprised of both short-term compensation in the form of a base salary/fee and an incentive cash bonus plan, and long-term ownership through the grant of stock options. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long term shareholder value.

The Board also has the ability to set out vesting periods in each stock option agreement. As the benefits of such compensation, if any, are not realized by officers and directors until a significant period of time has passed, the ability of such persons to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, all elements of executive compensation are discretionary. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to his short-term compensation when his long-term compensation might be put at risk from such actions.

Due to the relatively small size of the Company and its current management group, the Board is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which financial and other information of the Company is reviewed. To date, no risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

#### *Hedging of Economic Risks in the Company's Securities*

Under the Company's insider trading policies, directors and officers are prohibited from taking any derivative position in the Company's securities. This is to prevent the purchase of financial instruments that are designed to hedge or offset any decrease in the market value of the Company's securities.

#### **Option-based Awards**

The Compensation Committee has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

The shareholders have previously approved a stock option plan pursuant to which the Board has granted stock options to executive officers. The stock option plan provides compensation to participants and an additional incentive to work toward long-term Company performance. (See "Incentive Plan Awards – Option-Based Awards – Stock Option Plan" and "Particulars of Matters to be Acted Upon at the Meeting – Approval of Rolling Stock Option Plan" for further discussion.)

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. The stock option plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSXV and any other applicable exchange and closely align the interests of the executive officers with the interests of shareholders.

#### **Compensation Governance**

The Company has a Compensation Committee, which is further described under the heading "Compensation Discussion and Analysis" above.

The Board did not retain professional executive compensation consultants in the most recently completed financial year.

#### **Summary Compensation Table**

"Named Executive Officers" or "NEOs" means the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") of the Company, or if the Company does not have a CEO or CFO, an individual who acted in a similar capacity, regardless of the amount of compensation of that individual, each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, other than the CEO and CFO, who were serving as executive officers at the end of the most recent financial year and whose total compensation was, individually, more than \$150,000, and each individual who would have satisfied these criteria but for the fact that such individual was neither an executive

officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of the most recently completed financial year.

The following table (presented in accordance with National Instrument Form 51-102F6) sets forth all annual and long term compensation for services in all capacities to the Company for the three most recently completed financial years of the Company in respect of each Named Executive Officer.

**Summary Compensation Table  
for financial years ending on December 31, 2013, 2014 and 2015**

Name and Principal Position	Year <sup>(1)</sup>	Salary (\$)	Share - Based Awards (\$)	Option - Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Steven Dean Chairman and CEO <sup>(3)</sup>	2015	Nil	n/a	196,764	184,875	Nil	Nil	255,000 <sup>(6)</sup>	<b>636,639</b>
	2014	Nil	n/a	65,478	Nil	Nil	Nil	201,775 <sup>(6)</sup>	<b>267,253</b>
	2013	Nil	n/a	31,731	Nil	Nil	Nil	85,680 <sup>(6)</sup>	<b>117,411</b>
Chris Batalha, CFO and Corporate Secretary <sup>(5)</sup>	2015	75,000	n/a	48,836	56,625	Nil	Nil	3,692	<b>184,153</b>
	2014	30,241	n/a	8,443	Nil	Nil	Nil	50,000	<b>88,684</b>
	2013	11,097	n/a	4,178	Nil	Nil	Nil	Nil	<b>15,275</b>
John R. Morgan, Former President and COO <sup>(3)(4)</sup>	2015	192,024	n/a	139,752	78,100	Nil	Nil	Nil	<b>409,876</b>
	2014	315,000	n/a	65,478	Nil	Nil	Nil	Nil	<b>380,478</b>
	2013	240,000	n/a	46,067	Nil	Nil	Nil	Nil	<b>286,067</b>

(1) Fiscal year ending December 31.

(2) Value of stock options granted during the year. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following the key assumptions and estimates for each calculation: expected dividend yield 0%, expected stock price volatility of 55-75%, weighted average risk free interest rate of 1.16% - 1.58%, and expected life of options of 5 to 6.75 years. The Company chose this methodology as it is the standard for exploration companies in Canada and has been consistently applied by the Company for valuing option- based awards by the Company. Please see Incentive Plan Awards: Value vested or earned during the year; below, for details of stock option grants to NEOs.

(3) Mr. Steven Dean succeeded John R. Morgan as CEO of the Company on November 14, 2014. On the same date, Mr. Morgan was appointed COO and retained the role as President.

(4) On July 17, 2016, Mr. Morgan resigned as the President and COO of the Company, and Ms. Maryse Belanger succeeded Mr. Morgan as COO. Mr. Morgan continues his role as a director of the Company.

(5) Mr. Batalha was appointed as CFO and Corporate Secretary of the Company on November 14, 2014. Prior to his current role, Mr. Batalha served as the Company's Corporate Controller from July 15, 2013.

(6) Paid to Sirocco Advisory Services Ltd., of which Mr. Steven Dean is the principal, pursuant to the agreements made on January 1, 2004 and October 1, 2014. See the section herein entitled "Termination and Change of Control Benefits".

The Company did not grant compensation to any Named Executive Officer in the form of share-based awards, non-equity incentive plan compensation or under any pension plan during the three most recently completed financial years.

## Incentive Plan Awards

### Option-Based Awards – Stock Option Plan

As noted earlier under "Particulars of Matters to be Acted Upon at the Meeting – Approval of Rolling Stock Option Plan", during the year ended December 31, 2015, the Company had a "fixed" stock option plan. The Fixed Plan was most recently approved by shareholders at the Company's annual general and special meeting of shareholders on November 17, 2015. The Company will be presenting to the shareholders for approval at the Meeting the Rolling Plan, which is a 10% rolling stock option plan and the form of which is attached as Schedule "B" to this Information Circular, to replace the Fixed Plan. (See "Particulars of Matters to be Acted Upon at the Meeting - Approval of Rolling Stock Option Plan".

Pursuant to the Fixed Plan, up to a maximum of 17,323,717 Shares may be granted. As at the date of this Information Circular, the Company has 15,338,700 stock options granted, including stock options granted under previously established stock options plans or prior options grants, with a remaining balance of 1,985,017 stock options eligible for future grants under the current Fixed Plan.

The Fixed Plan provides that: Persons eligible to participate in the Plan ("**Eligible Persons**") are directors, officers and employees of the Company and consultants to the Company.

1. the Fixed Plan reserves, for issuance pursuant to the exercise of stock options, a maximum number of Shares equal to 17,323,717 of the issued Shares;
2. under TSXV policy, an optionee must either be an Eligible Charitable Organization or a director, senior officer, Employee or Consultant of the Company at the time the stock option is granted in order to be eligible for the grant of a stock option to the optionee;
3. the aggregate number of stock options granted to any one Person (and companies wholly owned by that Person) in a 12 month period must not exceed 5% of the issued Shares calculated on the date a stock option is granted to the Person (unless the Company has obtained the requisite Disinterested Shareholder Approval);
4. the aggregate number of stock options granted to any one Consultant in a 12 month period must not exceed 2% of the issued Shares, calculated at the date a stock option is granted to the Consultant;
5. the aggregate number of stock options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the issued Shares in any 12 month period, calculated at the date an option is granted to any such Person;
6. stock options issued to Persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any three month period, such vesting provisions not to be accelerated without TSXV approval;
7. subject to a minimum exercise price of \$0.05 per Share, the exercise price per Share for a stock option shall be determined by the Board, or its delegates if any, but must not be less than the Market Price of the Shares;
8. stock options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a "blackout period" (see (15.) below));
9. stock options (other than options held by a Person involved in Investor Relations Activities) will cease to be exercisable after the earlier of the expiry date of the applicable options and the date which is 90 days after the optionee ceases to be an eligible person under the Fixed Plan otherwise than by death or disability or termination for cause, after the optionee ceases to serve in such capacity. Where an optionee is terminated for cause, any outstanding stock options are cancelled as of the date of such termination for cause. The Fixed Plan also provides that, on the death or disability of an option holder, the stock options held by such optionee shall be exercisable by the heirs or administrators of such optionee and shall terminate and therefore cease to be exercisable on the earlier of the expiry date of such options and the and the date which is twelve months from the date of the optionee's death or disability. Notwithstanding the foregoing, the Board, in its sole discretion if it determines such is in the best interests of the Company, may extend the 90 day termination date to a later date within a reasonable period not exceeding one year in accordance with the policies of the TSXV. Stock options granted to persons involved in Investor Relations Activities will cease to be exercisable 30 days after the optionee ceases to serve in such capacity otherwise than by death or disability or termination for cause;

10. all stock options are non-assignable and non-transferable;
11. Subject to the rules and policies of the TSXV, the Board may amend any stock option with the consent of the affected optionee and the TSXV, including any shareholder approval required by the TSXV. Disinterested Shareholder Approval must be obtained for any reduction in the exercise price of a stock option if the Optionee is an Insider of the Company at the time of the proposed amendment;
12. the Fixed Plan contains provisions for adjustment in the number of Shares or other property issuable on exercise of a stock option in the event of a share consolidation, split, reclassification or other capital reorganization, or a stock dividend, amalgamation, merger or other relevant corporate transaction, or any other relevant change in or event affecting the Shares;
13. upon the occurrence of an Accelerated Vesting Event (as defined in the Fixed Plan), the Board will have the power, at its sole discretion and without being required to obtain the approval of shareholders or the holder of any stock option, except pertaining to options granted to Consultants performing Investor Relations Activities which will be subject to prior written TSXV approval or as otherwise required by the rules and policies of the TSXV, to make such changes to the terms of stock options as it considers fair and appropriate in the circumstances, including but not limited to: (i) accelerating the vesting of stock options, conditionally or unconditionally; (ii) terminating every stock option if, under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the stock options are proposed to be granted to or exchanged with the holders of stock options, which replacement options treat the holders of stock options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Shares under such transaction; (iii) otherwise modifying the terms of any stock option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (iv) following the successful completion of such Accelerated Vesting Event, terminating any stock option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of the New Plan be final, conclusive and binding;
14. in connection with the exercise of a stock option, as a condition to such exercise the Company shall require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such option; and
15. a stock option will be automatically extended past its expiry date if such expiry date falls within a blackout period during which the Company prohibits optionees from exercising their stock options, subject to the following requirements: (a) the blackout period must (i) be formally imposed by the Company pursuant to its internal trading policies; and (ii) must expire upon the general disclosure of undisclosed Material Information, (iii) the expiry date of the affected stock options can be extended to no later than ten (10) business days after the expiry of the blackout period; and (iv) the automatic extension of an optionee's stock options will not be permitted where the optionee or the Company is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Company's securities.

All other amendments, modifications or changes shall only be effective upon such amendment, modification or change being approved by the shareholders of the Company. Any amendment, modification or change of any provision of the Fixed Plan shall be subject to approval, if required, by any regulatory body having jurisdiction.

As noted under "Particulars of Matters to be Acted Upon at the Meeting – Approval of Rolling Stock Option Plan" above, the directors of the Company implemented the Rolling Plan, which is a rolling stock option plan, on October 20, 2016, which such rolling plan is intended to replace the Company's existing Fixed Plan, subject to shareholder approval at the Meeting. Accordingly, shareholders will be asked to consider and, if thought fit, pass an ordinary resolution to approve and ratify the Rolling Plan at the Meeting (See "Particulars of Matters to be Acted Upon at the Meeting – Approval of Rolling Stock Option Plan" for details on the Rolling Plan).

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

The Company does not currently have an equity award plan that provides compensation based on achievement of certain performance goals or similar conditions within a specified period, or a share-based award plan under which equity-based instruments that do not have option-like features, can be issued.

The following table sets forth information concerning all awards outstanding under option-based incentive plans of the

Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to the Named Executive Officers.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value <sup>(1)</sup> of Unexercised In-The-Money Options (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value <sup>(1)</sup> of Share-Based Awards That Have Not Vested (\$)	Market or Payout Value <sup>(1)</sup> of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Steven Dean Chairman and CEO <sup>(2)</sup>	400,000	0.37	August 12, 2016	Nil	Nil	Nil	Nil
	500,000	0.40	November 1, 2017	Nil	Nil	Nil	Nil
	600,000	0.32	June 13, 2019	6,000	Nil	Nil	Nil
	1,200,000	0.255	December 6, 2021	90,000	Nil	Nil	Nil
Chris Batalha, CFO and Corporate Secretary <sup>(3)</sup>	50,000	0.40	July 26, 2018	Nil	Nil	Nil	Nil
	50,000	0.32	June 13, 2019	500	Nil	Nil	Nil
	325,000	0.255	December 6, 2021	24,375	Nil	Nil	Nil
John R. Morgan Former President and COO <sup>(2)</sup>	1,000,000	0.40	April 10, 2017	Nil	Nil	Nil	Nil
	600,000	0.32	June 13, 2019	6,000	Nil	Nil	Nil
	800,000	0.255	December 6, 2021	60,000	Nil	Nil	Nil
Irfan Shariff, Former CFO and Corporate Secretary <sup>(3)</sup>	100,000	0.37	August 12, 2016	Nil	Nil	Nil	Nil
	200,000	0.40	November 1, 2017	Nil	Nil	Nil	Nil
	350,000	0.32	June 13, 2019	3,500	Nil	Nil	Nil

- (1) Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options at exercise or financial year-end, respectively, and the exercise of base price of the options. The closing price for the Company's shares on December 31, 2015 was \$0.33. Such amount may not represent the amount that the respective Named Executive Officer will actually realize from the awards. Whether, and to what extent, a Named Executive Officer realizes value will depend on our several factors, including actual operating performance, share price fluctuations and the director's continued membership on the Board.
- (2) Mr. Morgan was previously the CEO, but was appointed the COO and ceased to be the CEO effective November 14, 2014, when Steven Dean was appointed the CEO of the Company. On July 17, 2016, Mr. Morgan resigned as the President and COO of the Company, and Ms. Maryse Belanger succeeded Mr. Morgan as COO. Mr. Morgan continues his role as a director of the Company.
- (3) Mr. Shariff resigned as CFO and Corporate Secretary on November 14, 2014 and Chris Batalha was appointed as CFO and Corporate Secretary of the Company on November 14, 2014.

### Incentive Plan Awards: Value vested or earned during the year

The value vested or earned during the most recently completed financial year of option-based awards granted to Named Executive Officers are as follows:

Name	Option-Based Awards - Value Vested During The Year (\$) <sup>(1)</sup>	Share-Based Awards - Value Vested During The Year (\$)	Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)
Steven Dean Chairman and CEO <sup>(2)</sup>	29,250	Nil	Nil
John R. Morgan Former President and COO <sup>(2)</sup>	19,750	Nil	Nil
Chris Batalha, CFO and Corporate Secretary <sup>(3)</sup>	7,781	Nil	Nil
Irfan Shariff, Former CFO and Corporate Secretary <sup>(3)</sup>	438	Nil	Nil

- (1) This amount is the dollar value that would have been realized if the options had been exercised on the vesting date by calculating 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. Such amount may not represent the amount that the respective Named Executive Officer will actually realize from the awards. Whether, and to what extent, a Named Executive Officer realizes value will depend on our several factors, including actual operating performance, share price fluctuations and the Named Executive Officer's continued employment with the Company.
- (2) Mr. Morgan was previously the CEO, but was appointed the COO and ceased to be the CEO effective November 14, 2014, when Steven Dean was appointed the CEO of the Company. On July 17, 2016, Mr. Morgan resigned as the President and COO of the Company, and Ms. Maryse Belanger succeeded Mr. Morgan as COO. Mr. Morgan continues his role as a director of the Company.
- (3) Mr. Shariff resigned as CFO and Corporate Secretary on November 14, 2014 and Chris Batalha was appointed as CFO and Corporate Secretary of the Company on November 14, 2014.

### Pension Plan Benefits

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

### Termination and Change of Control Benefits

The Company and its subsidiaries have no employment contracts with any Named Executive Officers except as set out below, as at December 31, 2015.

Steven Dean – Chairman and CEO

Sirocco Advisory Services Ltd. ("**Sirocco**"), a company controlled by the Company's Chairman and CEO, Steven Dean, has an agreement (the "**Sirocco Agreement**") dated October 1, 2014 with the Company pursuant to which Sirocco provides management and operational consulting services to the Company for an amended base fee of \$21,250 plus applicable taxes per month. Prior to October 1, 2014, the consulting fee paid to Sirocco was \$7,140, based on the previous consulting agreement dated January 1, 2004. Sirocco may also be paid a discretionary performance bonus of up to 100% of the annual equivalent fee paid in each year. A bonus of \$184,875 was paid during the 2015 financial year primarily in respect to performance targets being met in respect of advancement of the Company's Moose River Consolidated Project. Steven Dean has an agreement to act as officer ("**Dean Officer Agreement**") of the Company dated November 14, 2014. Under the terms of the Dean Officer Agreement, Mr. Dean is to carry out duties as the Chairman and CEO of the Company which are not required to be performed under the Sirocco Agreement. As compensation, the Company has agreed to grant stock options to Mr. Dean from time to time in accordance with the terms of the Plan, as well as allowing Mr. Dean to participate in the Company's employee benefit plan.

For the purposes of the Sirocco Agreement a "change of control" is evidenced by the election or appointment of a majority of new directors of the Company or the acquisition by any person or by any person and such person's affiliates or associates, as such terms are defined in the *Securities Act* (British Columbia), and whether directly or indirectly, of common shares of the Company which, when added to all other common shares of the Company at the time held by such person and such person's affiliates and associates, totals for the first time, fifty (50%) percent or more of the

outstanding common shares of the Company. In the event of a change of control of the Company, Sirocco has the right within 60 days to terminate the Sirocco Agreement whereupon the Company will pay Sirocco two years equivalent of the amended base fee then in effect, together with the maximum annual bonus payable. Other than for cause, the Company may terminate the Sirocco Agreement on 12 months' notice. After providing such notice, the Company is required to continue to pay the amended base fee then in effect, during the 12 month term, together with a performance bonus. In the event that a performance bonus was paid in the year preceding the termination notice, the termination bonus shall be calculated as the greater of the performance bonus paid in the year preceding the termination notice, and 60% of 12 months equivalent of the amended base fee then in effect. In the event that no performance bonus was paid in the year prior to the termination notice, the Company will pay to Sirocco 60% of the amended base fee then in effect during the termination notice period. Had the agreement been terminated by the Company on December 31, 2015, Sirocco would have been entitled to be paid approximately \$439,875.

John R. Morgan – Former President and COO

Under an employment agreement dated March 27, 2012, Mr. John Morgan agreed to an initial salary of \$240,000 per annum for his services in the capacity of President and Chief Executive Officer. An amending employment agreement dated December 19, 2014 (the "**Morgan Agreement**") provided for an amended salary of \$192,000 per annum to reflect his change in position as President and Chief Operating Officer of the Company effective November 14, 2014 and reduced work load. The Morgan Agreement includes a provision for an annual bonus of up to \$220,000. The bonus is based upon the Company meeting key criteria each year, as mutually agreed between Mr. Morgan and the Compensation Committee. The Company may terminate the Morgan Agreement on 6 months' notice. After providing such notice, the Company may, at its option discontinue all or any portion of Mr. Morgan's duties, but must continue to pay the amended salary then in effect, benefits, and any performance bonus (if applicable) during the notice period. Had the agreement been terminated by the Company on December 31, 2015, Mr. Morgan would have been entitled to be paid approximately \$96,000.

The Morgan Agreement also contains a change in control provision. For the purposes of the Morgan Agreement, a "change of control" is evidenced by the election or appointment of a majority of new directors of the Company or the acquisition by any person or by any person and such person's affiliates or associates, as such terms are defined in the *Securities Act* (British Columbia), and whether directly or indirectly, of common shares of the Company which, when added to all other common shares of the Company at the time held by such person and such person's affiliates and associates, totals for the first time, fifty (50%) percent or more of the outstanding common shares of the Company. On a "change of control" of the Company, Mr. Morgan will have the right at any time to the date that is sixty days following the date of the Change of Control, to provide the Company with written notice to terminate employment, whereupon the Company will pay to Mr. Morgan an amount equal to 12 months' salary together with the maximum annual bonus payable.

On July 17, 2016, Mr. Morgan resigned as the President and COO of the Company, and Ms. Maryse Belanger succeeded Mr. Morgan as COO. Mr. Morgan continues his role as a director of the Company.

Chris Batalha - CFO

Under an employment agreement (the "**Batalha Agreement**") dated November 14, 2014, Mr. Chris Batalha agreed to an initial salary of \$75,000 per annum for his services in the capacity of Chief Financial Officer and Corporate Secretary, with provision for an annual bonus and an allocation of stock options, as part of Mr. Batalha's performance bonus. The bonus is based upon the Company meeting key criteria each year, as mutually agreed between Mr. Batalha and the Compensation Committee. The Company may terminate the Batalha Agreement on 3 months' notice. After providing such notice, the Company may, at its option discontinue all or any portion of Mr. Batalha's duties, but must continue to pay the amended salary then in effect, benefits, and any performance bonus (if applicable) during the notice period. Had the agreement been terminated by the Company on December 31, 2015, Mr. Batalha would have been entitled to be paid approximately \$18,750.

The Batalha Agreement also contains a change in control provision. For the purposes of the Batalha Agreement, a "change of control" is evidenced by the election or appointment of a majority of new directors of the Company or the acquisition by any person or by any person and such person's affiliates or associates, as such terms are defined in the *Securities Act* (British Columbia), and whether directly or indirectly, of common shares of the Company which, when added to all other common shares of the Company at the time held by such person and such person's affiliates and associates, totals for the first time, fifty (50%) percent or more of the outstanding common shares of the Company. On a "change of control" of the Company, Mr. Batalha will have the right at any time to the date that is sixty days following the date of the Change of Control, to provide the Company with written notice to terminate employment, whereupon the Company will pay to Mr. Batalha an amount equal to 12 months' salary.

### Estimated Incremental Payments on Change of Control

The table below sets out the estimated incremental payments, payables and benefits due to each of the NEOs on termination upon change of control without cause assuming termination occurred on December 31, 2015.

Name	Base Salary (\$)	Option-Based Awards (\$)	All Other Compensation (\$)	Total (\$)
Steven Dean <sup>(1)</sup>	Nil	Nil	765,000	765,000
John R. Morgan <sup>(2)</sup>	192,000	Nil	220,000	412,000
Chris Batalha <sup>(3)</sup>	75,000	Nil	Nil	75,000

(1) Payable to Sirocco Advisory Services Ltd., a company controlled by Mr. Steven Dean.

(2) On July 17, 2016, Mr. Morgan resigned as the President and COO of the Company, and Ms. Maryse Belanger succeeded Mr. Morgan as COO. Mr. Morgan continues his role as a director of the Company.

(3) Chris Batalha replaced Irfan Shariff as CFO and Corporate Secretary on November 14, 2014.

### Director Compensation

Under the Company's policies with regard to director compensation, the Company's executive directors do not receive fees for Board service. As of the date of this Information Circular, Steven Dean is the only executive director.

The compensation for the non-executive directors includes the following payments:

(i) a \$15,000 annual cash retainer;

(ii) a \$5,000 annual cash retainer for each Chairman of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee;

Payments are made monthly to the non-executive directors. Additionally, the Board may consider discretionary grants of stock options to non-executive directors from time to time as noted below. The Company also reimburses directors for all reasonable out-of-pocket costs incurred by them in connection with their services to the Company.

The following table sets forth all amounts of compensation provided to directors who are not Named Executive Officers for the Company's most recently completed financial year.

Director Name	Fees Earned (\$)	Share - Based Awards (\$)	Option - Based Awards (\$) <sup>(1)</sup>	Non – Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Robert Atkinson	20,000	Nil	27,093	Nil	Nil	Nil	47,093
W. David Black	20,000	Nil	27,093	Nil	Nil	Nil	47,093
Donald Siemens	20,000	Nil	27,093	Nil	Nil	Nil	47,093
William Armstrong	15,000	Nil	27,093	Nil	Nil	55,000 <sup>(2)</sup>	97,093
Walter Bucknell	Nil	Nil	46,322	Nil	Nil	251,377 <sup>(3)</sup>	354,379

(1) Value of stock options granted during the year. The Company used the Black-Scholes model as the methodology to calculate the grant date fair value, and relied on the following the key assumptions and estimates for each calculation: expected dividend yield 0%, expected stock price volatility of 55%-75%, weighted average risk free interest rate of 1.16% - 1.58%, and expected life of options of 5 - 6.75 years. The Company chose this methodology as it is the standard for exploration companies in Canada and has been consistently applied by the

Company for valuing option-based awards by the Company. Please see "Option-Based Awards", above, for details of stock option grants to any director who is not a Named Executive Officer.

(2) Pursuant to a consulting agreement dated May 10, 2012.

(3) Pursuant to a consulting agreement dated September 1, 2014, and subsequently renewed on September 1, 2015.

As described in the preceding table, the directors are compensated for acting in their capacity as directors, for committee participation, involvement in special assignments and for services as consultant or expert. In the most recently completed financial year, the Company did not grant compensation in the form of share-based awards, non-equity incentive plan compensation or pension value to the directors who are not Named Executive Officers.

## Incentive Plan Awards

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

Under the Fixed Plan (the stock option plan approved by shareholders at the 2015 annual general and special meeting) and the Rolling Plan to be provided for shareholder approval at the Meeting, directors are eligible to receive stock options. As is the case with officers and employees, the purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to more closely align the personal interests of such persons to that of the shareholders of the Company.

The Company does not currently have an equity award plan that provides compensation based on achievement of certain performance goals or similar conditions within a specified period, or a share-based award plan under which equity-based instruments that do not have option-like features, can be issued.

The following table sets forth information concerning all awards outstanding under option-based incentive plans of the Company at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the directors of the Company who were not Named Executive Officers, during the financial year ended December 31, 2015:

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value <sup>(1)</sup> of Unexercised In-The-Money Options (\$)	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value <sup>(1)</sup> Of Share-Based Awards That Have Not Vested (\$)	Market or Payout Value <sup>(1)</sup> Of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Robert Atkinson	200,000	0.37	August 12, 2016	Nil	Nil	Nil	Nil
	100,000	0.40	November 1, 2017	Nil	Nil	Nil	Nil
	100,000	0.32	June 13, 2019	1,000	Nil	Nil	Nil
	160,000	0.255	December 6, 2021	12,000	Nil	Nil	Nil
W. David Black	200,000	0.37	August 12, 2016	Nil	Nil	Nil	Nil
	100,000	0.40	November 1, 2017	Nil	Nil	Nil	Nil
	100,000	0.32	June 13, 2019	1,000	Nil	Nil	Nil
	160,000	0.255	December 6, 2021	12,000	Nil	Nil	Nil
Donald Siemens	200,000	0.37	August 12, 2016	Nil	Nil	Nil	Nil
	100,000	0.40	November 1, 2017	Nil	Nil	Nil	Nil
	100,000	0.32	June 13, 2019	1,000	Nil	Nil	Nil

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value <sup>(1)</sup> of Unexercised In-The-Money Options (\$)	Number of Shares Or Units Of Shares That Have Not Vested (#)	Market or Payout Value <sup>(1)</sup> Of Share-Based Awards That Have Not Vested (\$)	Market or Payout Value <sup>(1)</sup> Of Vested Share-Based Awards Not Paid Out or Distributed (\$)
	160,000	0.255	December 6, 2021	12,000	Nil	Nil	Nil
William Armstrong	100,000	0.37	May 10, 2017	Nil	Nil	Nil	Nil
	100,000	0.32	June 13, 2019	1,000	Nil	Nil	Nil
	160,000	0.255	December 6, 2021	12,000	Nil	Nil	Nil
Walter Bucknell	556,400 <sup>(2)</sup>	0.50	August 28, 2017	Nil	Nil	Nil	Nil
	325,000	0.255	December 6, 2021	24,375	Nil	Nil	Nil

(1) Value is calculated by multiplying the number of securities which may be acquired on exercise of the option by the difference, if any, between the market value of the securities underlying the options at exercise or financial year-end, respectively, and the exercise or base price of the options. The closing price for the Company's shares on December 31, 2015 was \$0.33. Such amount may not represent the amount that the respective director will actually realize from the awards. Whether, and to what extent, a director realizes value will depend on our several factors, including actual operating performance, share price fluctuations and the director's continued membership on the Board.

(2) These options were granted to Callisten Pty Ltd, of which Walter Bucknell is the beneficial owner.

#### Option-Based Awards - Value Vested or Earned During the Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to directors who are not Named Executive Officers are as follows:

Name	Option-Based Awards - Value Vested During The Year (\$) <sup>(1)</sup>	Share-Based Awards - Value Vested During The Year (\$)	Non-Equity Incentive Plan Compensation - Value Earned During The Year (\$)
Robert Atkinson	3,925	Nil	Nil
W. David Black	3,925	Nil	Nil
Donald Siemens	3,925	Nil	Nil
William Armstrong	3,925	Nil	Nil
Walter Bucknell	7,719	Nil	Nil

(1) This amount is the dollar value that would have been realized if the options had been exercised on the vesting date by calculating 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.

## Securities Authorized for Issuance under Equity Compensation Plans

The following table summarizes relevant information as of December 31, 2015 with respect to compensation plans under which equity securities are authorized for issuance.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders	11,313,700	0.34	6,010,017
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
<b>Total</b>	<b>11,313,700</b>	<b>0.34</b>	<b>6,010,017</b>

## INDEBTEDNESS TO COMPANY OF DIRECTORS AND EXECUTIVE OFFICERS

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

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

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, in relation to a securities purchase program or other program.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, no informed person of the Company 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.

On May 11, 2016, Beedie Investments Ltd. which is owned by Beedie Industrial Projects Ltd., a company wholly owned by Ryan Beedie, acquired an \$8,000,000 convertible debenture of the Company (the "Convertible Debenture"). The Convertible Debenture is convertible into 13,333,333 Common Shares of the Company, and has an interest rate of 8.5% per annum, payable semi-annually. The maturity date of the Convertible Debenture is the later of (a) May 10, 2021 and (b) the earlier of (i) the date that is six months following the final maturity date under the Company's Project Facility Agreement entered into on May 6, 2016, and (ii) May 30, 2022.

## MANAGEMENT CONTRACTS

No management functions of the Company are performed to any substantial degree by a person other than the directors or executive officers of the Company. Please see "Executive Compensation – Termination of Employment, Changes in Responsibility and Employment Contracts" above for a summary of the management contracts of the Company.

**INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as set out 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 Meeting other than the election of directors.

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

National Instrument 58-101 Disclosure of Corporate Governance Practices ("**NI 58-101**") was adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. The corporate governance practices adopted by the Company are set out in the attached Schedule "A".

**AUDIT COMMITTEE INFORMATION**

Disclosure with respect to the composition of the Company's Audit Committee, the Audit Committee Charter and other disclosure required by NI 52-110 – Audit Committees ("**NI 52-110**") is contained in the section "Audit Committee" in the Company's Annual Information Form for the year ended December 31, 2015 filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at Suite 3083, 595 Burrard Street, Vancouver, BC, V7X 1L3 (Telephone: 604-689-5564) to request copies of the Company's financial statements and MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year, which financial statements and MD&A are filed on SEDAR.

**OTHER MATTERS**

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

DATED this 20<sup>th</sup> day of October, 2016  
BY ORDER OF THE BOARD OF DIRECTORS

*"Steven Dean"*

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Steven Dean  
Chairman and Chief Executive Officer

26  
SCHEDULE "A"

**CORPORATE GOVERNANCE PRACTICES**

The following table addresses the disclosure requirements set out in Form 58-101F1 (Corporate Governance Disclosure).

<i>Corporate Governance Disclosure Requirement</i>	<i>The Company's Approach</i>
<p><b>1. Board of Directors –</b></p> <p>(a) Disclose identity of directors who are independent.</p>	<p>Four of the Company's eight directors are independent in accordance with the applicable requirements of NI 52-110.</p> <p>The Company's four independent directors are Robert Atkinson, W. David Black, Donald Siemens, and William P. Armstrong.</p>
<p>(b) Disclose identity of directors who are not independent and describe the basis for that determination.</p>	<p>Four of the Company's eight directors are not independent in accordance with the applicable requirements of NI 52-110.</p> <p>The Company's non-independent directors are Steven Dean (Chairman and CEO), Walter Bucknell (advisor and director). John Morgan ( former President and COO) and Ryan Beedie (who the Board has determined has a material relationship with the Company, including his ownership of Beedie Investments Ltd., an entity which holds 24.89% of the Company's outstanding shares).</p>
<p>(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board of Directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.</p>	<p>Fifty percent of the directors are independent. The directors believe that such representation is sufficient to demonstrate independent judgment. The directors ensure that exercise of independent judgment is facilitated in carrying out its responsibilities by holding frequent meetings and by refraining from decision making or voting in case of conflicting interests.</p>
<p>(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>The following directors are presently also directors of the following other reporting issuers:</p> <ul style="list-style-type: none"> <li>• <b>Steven Dean:</b> Oceanic Iron Ore Corp. and Sierra Metals Inc.</li> <li>• <b>Robert Atkinson:</b> Hansa Resources Ltd. and Cassius Ventures Ltd.</li> <li>• <b>W. David Black:</b> Zincore Metals Inc.</li> <li>• <b>Donald Siemens:</b> Epicore BioNetworks Inc., Eros Resources Corp., Arizona Mining Inc., Hansa Resources Limited.</li> <li>• <b>William Armstrong:</b> Taseko Mines Ltd.</li> </ul>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<p>(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.</p>	<p>The Company holds meetings of the full Board as required, at which the opinion of the independent directors is sought and duly acted upon for all material matters related to the Company.</p> <p>While there is no formal mechanism by which independent directors hold regular scheduled meetings at which non-independent directors and members of management are not in attendance, the independent directors:</p> <ul style="list-style-type: none"> <li>(a) are encouraged to meet at any time they consider necessary; and</li> <li>(b) meet as needed after regularly scheduled meetings of the full Board,</li> </ul> <p>without any members of management nor non-independent directors being present.</p> <p>In addition, the independent directors also meet regularly as members of the Audit Committee and Compensation Committees, and a portion of such meetings are conducted without non-independent directors and members of management in attendance.</p>
<p>(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.</p>	<p>Steven Dean, the Company's Chairman of the Board, is not an independent director. Mr. Dean chairs the meetings of the Board and actively seeks out the views of independent directors on all board matters. In addition, the independent directors know each other well and communicate with each other on a regular basis. Since the Board itself and the independent directors are a relatively small group, the formality of appointing a lead director has not been considered necessary.</p>
<p>(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>The Company has held 12 Board meetings (6 in 2015 and 6 in 2016) since the beginning of its most recently completed financial year. The attendance record for the directors since the beginning of the most recently completed financial year was: Steven Dean 12/12, Robert Atkinson 11/12, W. David Black 12/12, Don Siemens 12/12, John Morgan 12/12, William Armstrong 12/12, and Walter Bucknell 11/12, Ryan Beedie 1/2 (Mr. Beedie was appointed as a director May 10, 2016, of which only 2 Board meetings have been held since Mr. Beedie's appointment).</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<p><b>2. Board Mandate –</b> Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>	<p>The Board does not have a written mandate, but assumes responsibility for stewardship of the Company, including overseeing all of the operation of the business, supervising management and setting milestones for the Company. The Board reviews the statements of responsibilities for the Company including, but not limited to, the Nominating and Corporate Governance Committee Charter and the Code of Conduct (as described below).</p> <p>The Board approves all significant decisions that affect the Company and its subsidiaries and sets specific milestones towards which management directs their efforts.</p> <p>The Board and senior management are responsible for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent practicable.</p> <p>The CEO is responsible for developing a long-term strategic plan for the Company. The Board is responsible for approving the strategic plan and annual operating plans recommended by management. Board consideration and approval is also required for all material contracts and business transactions and all debt and equity financing proposals. The Board is responsible for senior executive recruitment and the Compensation Committee for senior executive compensation.</p> <p>The Board delegates to management, through the CEO, responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. Management also furnishes recommendations to the Board respecting corporate objectives, long-term strategic plans and annual operating plans.</p> <p>The Board appoints senior management. The Board approves all of the Company's major communications, including annual and quarterly reports and press releases.</p> <p>Project budgets are brought before the Board for approval on a regular basis. The Board's direction with respect to these budgets is communicated back to project staff.</p> <p>The Board as a whole, supported by the Corporate Governance and Nominating Committee, is responsible for developing the Company's approach to corporate governance.</p> <p>The number of scheduled board meetings varies with circumstances. The Chairman and CEO establish the agenda at each Board meeting, and request the recommendation of each director for items to be included in the agenda. Each director has the ability to raise subjects that are not on the agenda at any board meeting. Meeting agendas and other materials to be reviewed and/or discussed for action by the Board are distributed to directors in time for review prior to each meeting.</p> <p>Board members have full and free access to senior management and employees of the Company.</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<b>3. Position Description –</b>	
(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	The Board has adopted terms of reference for the Chair of the Board and each chair of the Board's three committees, being the Compensation Committee, the Nominating and Corporate Governance Committee, and the Audit Committee. Such terms of reference contain formal position descriptions for each such position and the full text of such terms of reference can be found on the Company's website at <a href="http://www.atlanticgoldcorporation.com/corporate/corporate_governance">www.atlanticgoldcorporation.com/corporate/corporate_governance</a> .
(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.	The Board, the Chairman and President, if any, and CEO have not, to date, developed formal, documented position descriptions for the CEO defining the limits of such officer's responsibilities. The Board annually approves the operating and capital budgets and strategic plan, and the President, if any, and CEO is required to ensure the Company operates within those guidelines. Material departures must be approved by the Board. The Board is of the view that the respective corporate governance roles of the board and management, as represented by the Chairman and President, if any, and CEO, are clear, and that the limits to management's responsibility and authority are well-defined.
<b>4. Orientation and Continuing Education –</b>	
(a) Briefly describe what measures the board takes to orient new directors regarding <ul style="list-style-type: none"> <li>i. The role of the board, its committees and its directors, and</li> <li>ii. The nature and operation of the issuer's business</li> </ul>	The Company does not have a formal orientation and education program for new directors. However, new directors are provided with relevant materials with respect to the Company, and spend a considerable amount of time being oriented on relevant corporate issues by the Chairman and CEO.
(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	The Board currently does not provide continuing education for its directors. By using a Board composed of experienced professionals with a wide range of financial, legal, exploration and mining expertise, the Company ensures that the Board operates effectively and efficiently.

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<b>5. Ethical Business Conduct –</b>	
<p>(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p> <ul style="list-style-type: none"> <li>i. Disclose how a person or company may obtain a copy of the code;</li> <li>ii. Describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</li> <li>iii. Provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</li> </ul>	<p>Effective May 2, 2011, the Board adopted a new Code of Conduct (the "<b>Code</b>"), which is applicable to all of the Company's personnel, to augment the former Code of Ethical Conduct for Financial Managers, which was only applicable to the Company's principal executive officer, principal financial officer, principal accounting officer, controller or person performing similar functions. The Code was last reviewed in September 2012.</p> <p>The Code is posted on the Company's website at <a href="http://www.atlanticgoldcorporation.com/corporate/corporate_governance/">www.atlanticgoldcorporation.com/corporate/corporate_governance/</a> and also available on SEDAR under the Company's profile at <a href="http://www.sedar.com">www.sedar.com</a>. The Board has instructed its management and employees to abide by the Code and to bring any breaches of the Code to the attention of the Board. The Board, through its Audit Committee in the presence of its external auditors, will be conducting annual reviews of the performance of personnel under the Code with a view to updating Company practice or policy as necessary to enhance compliance with the Code. The Board will also keep a record of any departures from the Code as well as any waivers requested and or granted.</p> <p>No material change report has been filed that pertains to any conduct of director or executive officer that constitutes a departure from the Code.</p>
<p>(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transactions.</p> <p>A thorough discussion of the documentation related to a material transaction is required to be reviewed by the Board, particularly independent directors.</p>
<p>(c) Describe any other steps that board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board seeks directors who have solid track records in spheres ranging from legal and financial to exploration and mining in order to ensure a culture of ethical business conduct.</p> <p>The Company has also established a Whistle-Blower Policy whereby the Board of Directors has delegated the responsibility of monitoring complaints regarding accounting, internal controls or auditing matters to the Audit Committee. The Whistle-Blower Policy allows employees throughout the organization to report any unethical or illegal activity without fear of reprisal from their fellow employees, supervisor or other Company officials.</p> <p>The Whistle-Blower Policy was last reviewed in September 2012 and a copy is available on the Company's website at <a href="http://www.atlanticgoldcorporation.com/corporate/corporate_governance/">www.atlanticgoldcorporation.com/corporate/corporate_governance/</a>.</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<b>6. Nomination of Directors -</b>	
(a) Describe the process by which the board identifies new candidates for board nomination	Management and the full Board draw on all relevant sources in the search for new directors. All of the Company's directors are involved in the process after a potential candidate is identified.
(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	The Nominating and Corporate Governance Committee performs the functions of a nominating committee and currently consists of three independent directors (W. David Black (Chair), Donald Siemens and Robert Atkinson).
(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	<p>The Nominating and Corporate Governance Committee has the mandate to:</p> <ul style="list-style-type: none"> <li>• Identify individuals qualified to become Board members</li> <li>• Recommend candidates to fill Board vacancies and newly created director positions</li> <li>• Assess the effectiveness of the Board as a whole and individual Board members</li> <li>• Provide an orientation program for new recruits to the Board, and provide education to all Board members</li> <li>• Recommend the composition of committees of the Board</li> </ul> <p>In recommending candidates to the Board or committees of the Board, the Nominating and Corporate Governance Committee considers such factors as it deems appropriate, including potential conflicts of interest, professional experience, personal character, diversity, outside commitments (including service on other boards or committees) and particular areas of expertise.</p> <p>The Nominating and Corporate Governance Committee also provides, with the assistance of management, suitable programs for the orientation of new Board members and the continuing education of incumbent directors, which include, among other things, reviewing background material, strategic plans of the Company and meeting with senior management.</p> <p>The Nominating and Corporate Governance Committee, as part of their annual review, assesses the effectiveness of the Board, its committees and its individual directors. This Committee assesses the adequacy of the information provided, the regular nature of the communication between the Board and management and reviews whether management is following the mandated strategic direction as set out in the Board's direction and management milestones.</p>
<b>7. Compensation -</b>	
(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	The Compensation Committee reviews the adequacy and form of compensation and compares it to other companies of similar size and stage of development. There is no minimum share ownership requirement for directors. Directors' compensation is a combination of annual retainer and stock options. The Company's Compensation Committee reviews the amounts and effectiveness of such compensation. (See also "Compensation Discussion and Analysis" in the attached Information Circular.)

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	The board has a Compensation Committee composed of three independent directors. The members of this committee are Robert Atkinson (Chairman), W. David Black and Donald Siemens. This committee is responsible for determining the compensation to be paid to the Company's Board of Directors and executive officers and for reviewing the corporate goals and objectives of the executive officers.
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	The Compensation Committee's primary responsibility is to make recommendations for approval by the Board of Directors on an ongoing basis with respect to the appointment and remuneration of directors and senior officers. The Committee also evaluates the performance of the Company's senior executive officers and reviews the design and competitiveness of the Company's compensation plans. The Compensation Committee meets as required to review and set remuneration.
<b>8. Other Board Committees –</b>	
If the board has standing committees other than the audit and compensation committees, identify the committees and describe their function.	The board has a Nominating and Corporate Governance Committee, whose functions are described above.
<b>9. Assessments –</b>	
Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees and its individual directors are performing effectively.	The Board does not consider that formal assessments would be useful at this stage of the Company's development. Instead, the Board conducts informal annual assessments of the Board's effectiveness, its committees and its individual directors based on regular discussions between the Chairman of the Board and CEO, and the President, if any, COO of the Company. To assist in such review, the Nominating and Corporate Governance Committee, as part of their annual review, assesses the effectiveness of the Board, its committees and its individual directors. This Committee assesses the adequacy of the information provided, the regular nature of the communication between the Board and management and reviews whether management is following the mandated strategic direction as set out in the Board's direction and management milestones. The Board, based on the recommendations of the Compensation Committee, assesses management's effectiveness in attaining the Company's corporate objectives, budgets and milestones.

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<b>10. Director Term Limits and Other Mechanisms of Board Renewal</b>	
<p>Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.</p>	<p>The Company has not adopted term limits for its directors or other mechanisms for Board renewal. The Nominating and Corporate Governance Committee, on an annual basis, reviews and assesses the effectiveness of the Board as a whole, taking into account its size and composition, its committees, the competencies and skills of the directors, and other issues that it considers relevant.</p> <p>The Nominating and Corporate Governance Committee has considered whether to propose that the Board adopt term limits for directors and has determined not to do so after consideration of a number of factors, including the significant advantages associated with the continued involvement of long-serving directors who have gained a deep understanding of the Company's projects, operations and objectives during their tenure; the experience, corporate memory and perspective of such directors; the competencies and skills that the existing directors possess; and the current circumstances and needs of the Company.</p>
<b>11. Policies Regarding the Representation of Women on the Board</b>	
<p>(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.</p> <p>(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:</p> <p>(i) a short summary of its objectives and key provisions,</p> <p>(ii) the measures taken to ensure that the policy has been effectively implemented,</p> <p>(iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and</p> <p>(iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.</p>	<p>The Company recognizes the need to promote gender diversity within its Board. The Company has not adopted a written policy relating to the identification and nomination of women directors, however, such a policy is under consideration by the Board.</p> <p>The Board's current position is such that it believes the interests of the Company would be appropriately served by ensuring that new directors are identified and selected from the widest possible group of potential candidates. Taking into consideration the size of the Company, in addition to its current status as a TSXV listed entity, the Company believes that a formalized written diversity policy governing the identification and selection of potential candidates may unduly restrict the Board's ability to select the best candidate.</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<p><b>12. Consideration of the Representation of Women in the Director Identification and Selection Process</b></p>	
<p>Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.</p>	<p>The Nominating and Corporate Governance is responsible for considering and reviewing the criteria for selecting candidates for possible election to the Board in light of the Company's circumstances and needs. In making its recommendations to the Board, the Nominating and Corporate Governance considers the competencies and skills that (a) the Board considers necessary for the Board as a whole; (b) the existing members of the Board possess; and (c) each new nominee would bring as well as (d) whether or not the nominee can devote sufficient time and resources to his or her duties as a Board member.</p> <p>Although diversity (which includes diversity in gender, age, ethnicity and cultural background) is one of the factors considered in the Company's director identification and selection process, the considerations set out in the above paragraph are given greater weight. In light of the Company's view that candidates should be selected from the widest possible group of qualified individuals, the level of representation of women may be considered an important factor, it should not be the only factor in identifying and nominating candidates for election or re-election to the Board.</p>
<p><b>13. Consideration Given to the Representation of Women in Executive Officer Appointments</b></p>	
<p>Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p>	<p>The Company recognizes the need to promote gender diversity within the executive team, however, the Company's views with respect to the representation of women in executive officer positions when making executive officer appointments is the same as the Company's views on the representation of women in the director identification and selection process. In making decisions as to executive officer appointments, the Company also believes that decisions to hire or promote an individual should be based on that person's competencies and skills, professional experience, particular areas of expertise, character and merit.</p> <p>Accordingly, the level of representation of women in executive officer positions may be considered an important factor, it should not be the only factor when making executive officer appointments.</p>

<b>Corporate Governance Disclosure Requirement</b>	<b>The Company's Approach</b>
<b>14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions</b>	
<p>(a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.</p> <p>(b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.</p> <p>(c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.</p> <p>(d) If the issuer has adopted a target referred to in either (b) or (c), disclose:</p> <p>(i) the target, and</p> <p>(ii) the annual and cumulative progress of the issuer in achieving the target.</p>	<p>The Company has not adopted a target regarding women on the Board or in executive officer positions for the reasons set out above, and given the size of the Company and its current status as a TSXV listed issuer, the Company believes that adopting such a target may unduly restrict its ability to select, hire or promote the best candidate for the position in question.</p>
<b>15. Number of Women on the Board and in Executive Officer Positions</b>	
<p>(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.</p> <p>(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.</p>	<p>The Company currently has no directors on the Board who are women. The Company's COO, Maryse Belanger, is a woman, as is as the Company's Corporate Controller and Manager of Environment and Community Relations.</p> <p>Thirty-three percent of the Company's executive officers are women.</p>

**SCHEDULE "B"**

**2016 ROLLING STOCK OPTION PLAN**

**ATLANTIC GOLD CORPORATION**

**INCENTIVE STOCK OPTION PLAN**

**Approved by the Board of Directors on: October 20, 2016**

**Approved by the TSXV Venture Exchange on: ●**

**Approved by Shareholders on: ●**

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**ARTICLE 1**  
**DEFINITIONS AND INTERPRETATION**

**1.1 Defined Terms**

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) **"Accelerated Vesting Event"** means the occurrence of any one of the following events:
  - (i) a take-over bid (as defined under applicable securities Laws) is made for Common Shares or Convertible Securities which, if successful would result (assuming the conversion, exchange or exercise of the Convertible Securities, if any, that are the subject of the take-over bid) in any Person or Persons acting jointly or in concert (as determined under applicable securities Laws) or Persons associated or affiliated with such Person or Persons (as determined under applicable securities Laws) beneficially, directly or indirectly, owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Company that may be cast to elect directors;
  - (ii) the acquisition or continuing ownership by any Person or Persons acting jointly or in concert (as determined under applicable securities Laws), directly or indirectly, of Common Shares or of Convertible Securities, which, when added to all other securities of the Company at the time held by such Person or Persons, Persons associated with such person or persons, or persons affiliated with such Person or Persons (as determined under applicable securities Laws) (collectively, the "**Acquirors**"), and assuming the conversion, exchange or exercise of Convertible Securities beneficially owned by the Acquirors, results in the Acquirors beneficially owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Company that may be cast to elect directors;
  - (iii) an amalgamation, merger, arrangement or other business combination (a "**Business Combination**") involving the Company receives the approval of, or is accepted by, the securityholders of the Company (or all classes of securityholders whose approval or acceptance is required) or, if their approval or acceptance is not required in the circumstances, is approved or accepted by the Company and as a result of that Business Combination, parties to the Business Combination or securityholders of the parties to the Business Combination, other than the securityholders of the Company, own, directly or indirectly, shares of the continuing entity that entitle the holders thereof to cast at least 50% of the votes attaching to all shares in the capital of the continuing entity that may be cast to elect directors;
- (b) **"Affiliate"** shall have the meaning ascribed thereto by the TSX Venture Exchange in Policy 1.1 – Interpretation;
- (c) **"Associate"** shall have the meaning ascribed thereto by the TSX Venture Exchange in Policy 1.1 – Interpretation;
- (d) **"Board"** means the board of directors of the Company or, as applicable, a committee consisting of not less than 3 directors of the Company duly appointed to administer this Plan;
- (e) **"Charitable Option"** means a stock option or equivalent security granted by the Company to an Eligible Charitable Organization;
- (f) **"Charitable Organization"** means "charitable organization" as defined in the *Income Tax Act* (Canada) from time to time;
- (g) **"Common Shares"** means the common shares in the capital of the Company;
- (h) **"Company"** means Atlantic Gold Corporation and its successor entities;

- (i) **"Consultant"** means, in relation to the Company, an individual (other than an Employee or a director of the Company) or company that:
  - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a Distribution;
  - (ii) provides the services under a written contract between the Company or the Affiliate and the individual or the company, as the case may be;
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and
  - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company;
- (j) **"Consultant Company"** means a Consultant that is a company;
- (k) **"Convertible Securities"** means any security of the Company which is convertible into Common Shares;
- (l) **"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:
  - (a) being employed or engaged by the Company, 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 Company or its subsidiaries; or
  - (b) acting as a director or officer of the Company or its subsidiaries;
- (m) **"Discounted Market Price"** of Common Shares means the Market Price less the maximum discount, if any, permitted under the TSX Venture Exchange policies applicable to incentive stock options;
- (n) **"Disinterested Shareholder Approval"** means, in accordance with the policies of the Exchange, approval by a majority of the votes cast by all shareholders entitled to vote at a meeting of shareholders of the Company excluding votes attached to shares beneficially owned by persons with an interest in the subject matter of the resolution and their Associates;
- (o) **"Distribution"** has the meaning ascribed thereto by the policies of the Exchange;
- (p) **"Eligible Charitable Organization"** means:
  - (i) any Charitable Organization or Public Foundation which is a Registered Charity, but is not a Private Foundation; or
  - (ii) a Registered National Arts Service Organization;
- (q) **"Eligible Person"** means
  - (i) a director, Officer, Employee, Management Company Employee or Consultant of the Company or its subsidiaries, if any, at the time the option is granted, and includes companies that are wholly owned by Eligible Persons; or
  - (ii) an Eligible Charitable Organization at the time the Option is granted;
- (r) **"Employee"** means:

- (i) an individual who is considered an employee of the Company or its subsidiaries under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source);
  - (ii) an individual who works full-time for the Company or its subsidiaries providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Company or its subsidiaries on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source.
- (s) "**Exchange**" means the TSX Venture Exchange, and, if applicable, any other stock exchange on which the Company is listed, and any successor entity;
  - (t) "**Expiry Date**" means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5.2 and, if applicable, as amended from time to time;
  - (u) "**Governmental Authorities**" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:
    - (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or
    - (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;
  - (v) "**grant date**" or similar wording means the date specified in an option agreement as the date on which an Option is granted;
  - (w) "**Insider**" means a director or senior officer of the Company, a Person that beneficially owns or controls directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Company, a director or senior officer of a company that is an insider or a subsidiary of the Company, and the Company itself if it holds any of its own securities;
  - (x) "**Investor Relations Activities**" has the meaning ascribed thereto in the TSX Venture Exchange's Corporate Finance Manual;
  - (y) "**Laws**" means currently existing applicable statutes, by-laws, rules, regulations, orders, ordinances or judgments, in each case of any Governmental Authority having the force of the law;
  - (z) "**Management Company Employee**" means an individual who is employed by a Person providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities;
  - (aa) "**Market Price**" of Common Shares at any grant date means: (i) the last closing price per Common Share on the last day on which Common Shares were traded prior to the day on which the Company announces the grant of the Option or, if the grant is not announced as permitted by Exchange policies, the last day on which Common Shares were traded prior to the grant date; (ii) such other meaning as provided for in the Exchange's policies; or (iii) if the Common Shares are not listed on any stock exchange, "Market Price" of Common Shares means the price per Common Share on the over-the-counter market determined by dividing the aggregate sale price of the Common Shares sold by the total number of such Common Shares so sold on the applicable market for the last day prior to the date of grant;

- (bb) **"Material Information"** has the meaning ascribed thereto in the TSX Venture Exchange's Corporate Finance Manual;
- (cc) **"Officer"** means an officer of the Company or its subsidiaries, if any;
- (dd) **"Option"** means a non-transferable and non-assignable option to purchase Common Shares granted to an Eligible Person pursuant to the terms of this Plan;
- (ee) **"Optionee"** means an Eligible Person of an Option granted by the Company;
- (ff) **"Other Share Compensation Arrangement"** means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan, restricted share unit plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Company by way of loan, guarantee or otherwise;
- (gg) **"Person"** means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;
- (hh) **"Plan"** means this incentive stock option plan;
- (ii) **"Private Foundation"** means "private foundation" as defined in the *Income Tax Act* (Canada) as amended from time to time;
- (jj) **"Public Foundation"** means "public foundation" as defined in the *Income Tax Act* (Canada) as amended from time to time;
- (kk) **"Registered Charity"** means "registered charity" as defined in the *Income Tax Act* (Canada) as amended from time to time;
- (ll) **"Registered National Arts Service Organization"** means "registered national arts service organization" as defined in the *Income Tax Act* (Canada) as amended from time to time; and
- (mm) **"Termination Date"** means the date on which an Optionee ceases to be an Eligible Person.

## 1.2 Interpretation

- (a) References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.
- (b) So long as the Company is listed on the TSX Venture Exchange, references to defined terms herein that are also defined in the in the TSX Venture Exchange's Corporate Finance Manual are intended to have the same meaning and, if the definitions are different, any such defined term shall have, subject to the discretion of the Board and the policies of the Exchange, the meaning ascribed thereto in the TSX Venture Exchange's Corporate Finance Manual.
- (c) If the Company becomes listed on the Toronto Stock Exchange, the provisions of this Plan shall apply to the extent possible.

## **ARTICLE 2 ESTABLISHMENT OF PLAN**

### 2.1 Purpose

The purpose of this Plan is to advance the interests of the Company, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Company, its Affiliates and its subsidiaries, if any;
- (b) encouraging Eligible Persons to remain with the Company, its Affiliates or its subsidiaries, if any; and
- (c) attracting new directors, Officers, Employees and Consultants.

## **2.2 Shares Reserved**

- (a) The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the issued and outstanding Common Shares at the time of the granting of an Option. For greater certainty, if an Option is cancelled, surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.
- (b) If there is a change in the issued and outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of, or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to policies or rules of the Exchange and/or the requisite approval of the relevant regulatory authorities, appropriate substitution and/or adjustment in:
  - (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
  - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
  - (iii) the vesting of any Options, including the accelerated vesting thereof on conditions the Board deems advisable and, if it relates to Investor Relations vesting provisions, then subject to the approval of the Exchange,

and if the Company undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Optionees as it shall deem advisable.

- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (d) The Company shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

## **2.3 Non-Exclusivity**

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

## **2.4 Effective Date**

This Plan shall be subject to the approval of the Company's shareholders and any regulatory authority whose approval is required. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

**ARTICLE 3**  
**ADMINISTRATION OF PLAN**

**3.1 Administration**

- (a) This Plan shall be administered by the Board or any committee established by the Board for the purpose of administering this Plan. Subject to the provisions of this Plan, the Board shall have the authority:
  - (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Optionee's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited; and
  - (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 and 3.4 hereof.
- (b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Company, Eligible Persons, Optionees and all other Persons in relation to the Plan.
- (c) For stock options granted to Employees, Consultants, Consultant Companies or Management Company Employees, the Company and the Optionee are responsible for ensuring and confirming that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be.

**3.2 Amendment, Suspension and Termination**

The Board may amend, subject to the prior approval, if required, of the shareholders, the Exchange, and any regulatory authority having authority over the Company or this Plan, amend, suspend or terminate this Plan or any provision herein. No such amendment, suspension or termination shall adversely alter or impair any outstanding unexercised Options or any rights without the consent of such Optionee. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

**3.3 Compliance with Laws and Stock Exchange Requirements**

- (a) This Plan, the grant and exercise of Options hereunder and the Company's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign Laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any Governmental Authority as may, in the opinion of counsel to the Company, be required. The Company shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such Laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the applicable securities Laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Company shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.

- (c) Common Shares sold, issued and delivered to Optionees pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities Laws and the requirements of any stock exchanges (including any required hold periods imposed in relation to grants to Insiders or promoters) or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof. If required by applicable policies of the Exchange, an option agreement entered into with an Optionee shall be legended with the Exchange Hold Period (as defined in the policies of the Exchange), which shall be in addition to such other restrictions as may apply under applicable securities laws.
- (d) To the extent that applicable stock exchange requirements require shareholder approval, whether on a Disinterested Shareholder Approval basis or otherwise, any grant of Options hereunder will be subject to obtaining such shareholder approval as required by applicable stock exchange requirements. If any Common Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to obtain any such approval, then the obligation of the Company to issue such Common Shares shall terminate and any exercise paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

### **3.4 Tax Withholdings**

- (a) Notwithstanding any other provision contained herein, in connection with the exercise of an Option by an Optionee from time to time, as a condition to such exercise the Company shall require such Optionee to pay to the Company or the relevant Affiliate an amount as necessary so as to ensure that the Company or such Affiliate, as applicable, is in compliance with the applicable provisions of any federal, provincial or local Laws relating to the withholding of tax or other required deductions relating to the exercise of such Options. In addition, the Company or the relevant Affiliate, as applicable shall be entitled to withhold from any amount payable to an Optionee, either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Company or the relevant Affiliate is in compliance with the applicable provisions of any federal, provincial, local or foreign Laws relating to the withholding of tax or other required deductions relating to the exercise of such Options. The Company may also satisfy any liability for any such withholding obligations, on such terms and conditions as the Company may determine in its discretion, by (a) requiring an Optionee, as a condition to the exercise of any Options, to make such arrangements as the Company may require so that the Company can satisfy such withholding obligations including, without limitation, requiring the Optionee to remit to the Company in advance, or reimburse the Company for, any such withholding obligations or (b) selling on the Optionee's behalf, or requiring the Optionee to sell, any Shares acquired by the Optionee under the Plan, or retaining any amount which would otherwise be payable to the Optionee in connection with any such sale.

## **ARTICLE 4 OPTION GRANTS**

### **4.1 Eligibility and Multiple Grants**

Options shall only be granted to Eligible Persons. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions.

### **4.2 Option Agreement**

Every Option shall be evidenced by an option agreement, in a form approved by the Company, executed by the Company and the Optionee. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

### **4.3 Limitation on Grants and Exercises of Options**

- (a) To Insiders as a group at any point in time. The aggregate number of Shares reserved for issuance under Options granted to Insiders as a group pursuant to this Plan and any Other Share Compensation Arrangement at any point in time must not exceed 10% of the total number of issued and outstanding Shares (unless the Company has obtained the requisite Disinterested Shareholder Approval);

- (b) To Insiders as a group within a 12 month period. The aggregate number of Options granted to Insiders as a group pursuant to this Plan and any Other Share Compensation Arrangement in a 12 month period must not exceed 10% of the total number of issued and outstanding Shares on the date an Option is granted to any Insider (unless the Company has obtained the requisite Disinterested Shareholder Approval);
- (c) To any one Person. The aggregate number of Options granted to any one Person (and companies wholly owned by that Person) pursuant to this Plan and any other Share Compensation Arrangement in a 12 month period must not exceed 5% of the issued shares of the Company, calculated on the date an Option is granted to the Person (unless the Company has obtained the requisite Disinterested Shareholder Approval).
- (d) To any one Consultant. The aggregate number of Options granted to any one Consultant in a 12 month period pursuant to this Plan and any other Share Compensation Arrangement must not exceed 2% of the issued shares of the Company, calculated at the date an Option is granted to the Consultant.
- (e) To Persons conducting Investor Relations Activities. The aggregate number of Options granted to all Persons retained to provide Investor Relations Activities pursuant to this Plan and any other Share Compensation Arrangement must not exceed 2% of the issued shares of the Company in any 12 month period, calculated at the date an Option is granted to any such Person.
- (f) To Eligible Charitable Organizations. The aggregate number of Options granted and outstanding to Eligible Charitable Organizations pursuant to this Plan and any other Share Compensation Arrangement must not at any time exceed 1% of the issued shares of the Company, as calculated immediately subsequent to the grant of any Options to Eligible Charitable Organizations.

#### **4.4 Previously Granted Options**

In the event that on the Effective Date there are outstanding stock options (the "Pre-Existing Options") that were previously granted by the Company pursuant to any stock option plan in place prior to the Effective Date (a "Pre-Existing Plan"), all such Pre-Existing Options shall, effective as of the Effective Date, be governed by and subject to the terms hereof.

### **ARTICLE 5 OPTION TERMS**

#### **5.1 Exercise Price**

- (a) The exercise price per Common Share for an Option shall be determined by the Board or its delegates, if any, but will in no event be less than the Discounted Market Price for the Common Shares at the date of grant.
- (b) If Options are granted within ninety days of a Distribution by the Company by a prospectus, then the exercise price per Common Share for such Options shall not be less than the greater of the minimum exercise price calculated pursuant to subsection 5.1(a) herein and the price per Common Share paid by the public investors for Common Shares acquired under the Distribution. Such ninety day period shall begin:
  - (i) on the date the final receipt is issued for the final prospectus in respect of such Distribution; or
  - (ii) in the case of an initial public offering, on the date of listing.

#### **5.2 Expiry Date**

Every Option granted shall, unless sooner terminated, have a term not exceeding and shall therefore expire no later than 10 years after the date of grant (subject to extension where the expiry date falls within a "blackout period", as discussed in subsection 5.7) hereof.

### **5.3 Vesting**

- (a) Subject to subsection 5.3(b) herein and otherwise in compliance with the policies of the Exchange, the Board shall determine the manner in which an Option shall vest and become exercisable.
- (b) Options granted to Persons performing Investor Relations Activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any 3 month period or otherwise in accordance with the policies of the Exchange.

### **5.4 Accelerated Vesting Event**

Subject to subsection 5.3(b) and in compliance with the policies of the Exchange, upon the occurrence of an Accelerated Vesting Event, the Board will have the power, at its sole discretion and without being required to obtain the approval of shareholders or the holder of any Option, except pertaining to options granted to Consultants performing Investor Relations Activities which will be subject to prior written Exchange approval, to make such changes to the terms of Options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of Options, conditionally or unconditionally; (b) terminating every Option if, under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the Options are proposed to be granted to or exchanged with the holders of Options, which replacement options treat the holders of Options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Shares under such transaction; (c) otherwise modifying the terms of any Option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any Option to the extent it has not been exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of this Plan be final, conclusive and binding.

### **5.5 Non-Assignability**

No Optionee may assign or transfer any of his, her or its rights under this Plan or any Option granted hereunder.

### **5.6 Ceasing to be Eligible Person**

- (a) **Termination for Cause.** If an Optionee who is a director, Officer, Employee or Consultant is terminated for cause (as that term is interpreted by the courts of the jurisdiction in which the Optionee is employed or engaged) by the Company or its subsidiary, or in the case of an Optionee who is a Management Company Employee or Consultant, by the Optionee's employer, each Option held by such Optionee shall terminate and therefore cease to be exercisable upon the date of such termination for cause.
- (b) **Death or Disability.** If an Optionee ceases to be an Eligible Person due to his or her death or Disability, each Option held by such Optionee shall be exercisable by the heirs or administrators of such Optionee and shall terminate and therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is twelve months from the date of the Optionee's death or Disability.
- (c) **Early Retirement, Voluntary Resignation or Termination Other than for Cause.** Unless an option agreement specifies otherwise, if an Optionee or, or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person for any reason other than death, disability, or termination for cause, each Option held by the Optionee, other than an Optionee who is involved in Investor Relations Activities, will cease to be exercisable after the earlier of the Expiry Date and the date which is 90 days after the Termination Date. Notwithstanding the foregoing, the Board, in its sole discretion if it determines such is in the best interests of the Company, may extend the 90 day period to a later date within a reasonable period not exceeding one year in accordance with the policies of the Exchange. For Optionees involved in Investor Relations Activities, Options shall cease to be exercisable after the earlier of the Expiry Date and the date which is 30 days after the Termination Date.
- (d) **Unvested Options.** If any portion of an Option is not vested at the time an Optionee ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be

thereafter exercised by the Optionee or its legal representative, as the case may be, provided that the Board may, in its discretion, thereafter permit the Optionee or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates.

- (e) Charitable Options. A Charitable Option must expire after the earlier of a date that is not more than 10 years from the grant date of the Charitable Option and the 90<sup>th</sup> day following the date that the holder of the Charitable Option ceases to be an Eligible Charitable Organization.

### 5.7 *Blackout Periods*

An Option will be automatically extended past the expiry date of an Option governed by the Plan if such expiry date falls within a period (a "blackout period") during which the Company prohibits Optionees from exercising their Options provided that the following requirements are satisfied:

- (a) The blackout period must be formally imposed by the Company pursuant to its internal trading policies. For greater certainty, in the absence of the Company formally imposing a blackout period, the expiry date of any Options will not be automatically extended in any circumstances.
- (b) The blackout period must expire upon the general disclosure of the undisclosed Material Information. The expiry date of the affected Options can be extended to no later than ten (10) business days after the expiry of the blackout period (the "Extension Period"), provided that if any additional blackout period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of any such additional blackout period to enable the exercise of such Options within ten (10) business days following the end of the last imposed blackout period.
- (c) The automatic extension of an Optionee's Options will not be permitted where the Optionee or the Company is subject to a cease trade order (or similar order under securities Laws) in respect of the Company's securities.

## **ARTICLE 6 EXERCISE PROCEDURE**

### 6.1 *Exercise Procedure*

A vested Option may be exercised from time to time, and shall be deemed to be validly exercised by the Optionee only upon the Optionee's delivery to the Company at its head office of:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Company, specifying the number of Common Shares with respect to which the Option is being exercised;
- (b) a signed option agreement with respect to the Option being exercised;
- (c) a certified cheque or bank draft made payable to the Company for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised, together with the amount necessary to satisfy any applicable tax withholding or remittance obligations under applicable Laws; and
- (d) documents containing such representations, warranties, agreements and undertakings, including such as to the Optionee's future dealings in such Common Shares, as counsel to the Company reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the Laws of any jurisdiction;

and on the business day following, the Optionee shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Company shall, within a reasonable amount of time, cause certificates or evidence of issuance for such Common Shares to be issued, and delivered to the Optionee if so requested.

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**ARTICLE 7**  
**AMENDMENT OF OPTIONS**

**7.1 Consent to Amend**

The Board may amend any Option with the consent of the affected Optionee and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, Disinterested Shareholder Approval is required for any reduction in the exercise price of an Option if the Optionee is an Insider at the time of the proposed amendment.

**7.2 Amendment Subject to Approval**

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

**ARTICLE 8**  
**MISCELLANEOUS**

**8.1 No Rights as Shareholder**

Nothing in this Plan or any Option shall confer upon an Optionee any rights as a shareholder of the Company with respect to any of the Common Shares underlying an Option unless and until such Optionee shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

**8.2 Time of the Essence**

Time is of the essence of this Plan and of each option agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

**8.3 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of this Plan.

**8.4 No Right to Employment**

Nothing in this Plan or any Option shall confer upon an Optionee any right to continue in the employ of the Company or any Affiliate or affect in any way the right of the Company or any Affiliate to terminate the Optionee's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Company or any Affiliate to extend the employment of any Optionee beyond the time which the Optionee would normally be retired pursuant to the provisions of any present or future retirement plan of the Company or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Company or any Affiliate.

**8.5 Governing Law**

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.

**8.6 Entire Agreement**

This Plan and any relevant option agreement hereunder collectively set out the entire agreement between the Company and any Optionee relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.