

**ASCOT RESOURCES LTD.**  
Suite 1550 – 505 Burrard Street  
Vancouver, B.C., V7X 1M5

**NOTICE OF ANNUAL AND SPECIAL MEETING**

**(“Notice”)**

**NOTICE** is hereby given that the Annual and Special Meeting (the “**Meeting**”) of the shareholders of **ASCOT RESOURCES LTD.** (the “**Company**”) will be held at the offices of Blake, Cassels & Graydon LLP at Suite 2600, 595 Burrard Street, Vancouver, B.C., V7X 1L3 on Tuesday December 18, 2018 at 10:00 a.m. (Vancouver time) for the following purposes:

1. To receive and consider the financial statements of the Company for the year ended March 31, 2018, together with the report of the auditors thereon;
2. To appoint auditors and to authorize the directors to fix the remuneration to be paid to the auditors;
3. To set the number of directors at seven (7);
4. To elect directors for the ensuing year;
5. To approve the adoption of the 2018 Stock Option Plan; and
6. To transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Accompanying this Notice is the information circular (the “**Circular**”) and a form of proxy (the “**Proxy**”). The Circular includes more detailed information relating to the matters to be addressed at the Meeting. The Circular is deemed to form a part of this Notice.

Members who are unable to attend the Meeting in person are requested to read the enclosed Circular and Proxy, and then complete and deposit the Proxy together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof with the Company’s transfer agent by delivery to: AST Trust Company (Canada), PO Box 721 Agincourt, Ontario, M1S 0A1, at least forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting or any adjournment of it unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently. You may alternatively fax your proxy to 416-368-2502 or toll free in Canada and United States to 1-866-781-3111 or send your proxy by email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com). Unregistered shareholders who received the Proxy through an intermediary must deliver the Proxy in accordance with the instructions given by such intermediary.

Only holders of common shares of the Company of record at the close of business on November 9, 2018 will be entitled to vote at the Meeting.

**DATED** at Vancouver, British Columbia, this 15<sup>th</sup> day of November, 2018.

BY ORDER OF THE BOARD

*“Derek C. White” (signed)*

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Derek C. White  
President & CEO

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## **LETTER TO SHAREHOLDERS FROM THE CHAIRMAN OF THE BOARD**

Dear Ascot Shareholder,

Ascot Resources Ltd. (“Ascot” or the “Company”) delivered another year of strong performance with excellent exploration and development milestones. The management team introduced at the end of 2017 has been pivotal in executing a new strategic vision. The Company filed a NI 43-101 technical report on June 22, 2018 titled “Technical Report on the Premier-Dilworth Project, Stewart, British Columbia, Canada” (authored by Roscoe Postle Associates Inc.), representing a new high-grade resource for the Premier-Dilworth Project. Since that report was filed, drilling results have been extremely encouraging and those results are being integrated into a potential future resource update. The management team also acquired the adjacent Silver Coin Project which will also be included in any future resource update. We continue to build our business for the long-term, focusing on returning the Premier operation back into production which will result in an increase in your shareholder value.

During 2018, the Board increased the board size from six (6) to seven (7), adding two independent directors, Messrs. Don Njegovan and William (Bill) Bennett, concurrently with the resignation of John Swann. The current seven (7) Board members are the seven (7) candidates nominated for election. Additional directors, with appropriate skills and experience, may be appointed as the Company considers its future requirements.

With the changes to the management team, reorganization of the Board, and future hiring requirements, the Company kindly requests your support of a 10% rolling stock option plan (see page 10). The Board believes that the current 15% fixed plan limits the Company’s ability to attract and retain high level professional staff and directors with incentives that are aligned with shareholder interests.

Please take some time to read through our Information Circular and Proxy Statement in determining your vote. On behalf of the Board and management, we thank you for your ongoing support and confidence in Ascot and we look forward to seeing you on Tuesday, December 18, 2018 at the offices of Blake, Cassels & Graydon, LLP, Suite 2600, 595 Burrard Street, Vancouver, BC V7X 1L3, at 10:00 a.m. (PT).

Sincerely,

*“Rick Zimmer” (signed)*  
Rick Zimmer  
Chairman of the Board

## **ASCOT RESOURCES LTD.**

Suite 1550 – 505 Burrard Street  
Vancouver, B.C., V7X 1M5

### **INFORMATION CIRCULAR**

THIS INFORMATION CIRCULAR CONTAINS INFORMATION  
AS AT NOVEMBER 14, 2018

#### **PERSONS MAKING THE SOLICITATION**

This Information Circular is furnished in connection with the solicitation of proxies by management of Ascot Resources Ltd. (the “**Company**”) for use at the annual and special meeting of shareholders of the Company to be held at 10:00 a.m. on Tuesday, December 18, 2018 (the “**Meeting**”) and any adjournment thereof, for the purposes set forth in the attached Notice of Meeting. Except where otherwise indicated, the information contained herein is stated as at November 14, 2018.

All costs of this solicitation will be borne by the Company. In addition to the solicitation of proxies by mail, directors, officers and employees may solicit proxies personally, by telephone, facsimile or email, but will not receive compensation for so doing.

#### **APPOINTMENT OF PROXYHOLDER**

The persons named as proxyholder in the accompanying form of proxy were designated by the management of the Company (“**Management Proxyholder**”). **A shareholder has the right to appoint a person or company to represent them at the Meeting other than a Management Proxyholder. Any shareholder desiring to appoint some other person (“Alternate Proxyholder”) to represent him at the Meeting may do so by inserting such other person's name in the space indicated or by completing another proper form of proxy.** A person appointed as proxyholder need not be a shareholder of the Company. All completed proxy forms must be deposited with the Company’s transfer agent, AST Trust Company (Canada), by delivering the proxy to: Proxy Department, AST Trust Company (Canada), PO Box 721, Agincourt, Ontario M1S 0A1, fax number: 416-368-2502 or toll free in North America: 1-866-781-3111, or by email to proxyvote@astfinancial.com, not less than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment of it unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

#### **REVOCAION OF PROXY**

Every proxy may be revoked by an instrument in writing:

- (a) executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation; and
- (b) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment of it at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof,

or in any other manner provided by law.

**Only registered shareholders have the right to revoke a proxy. Non-Registered Holders (as defined herein) who wish to change their vote must, arrange for their respective intermediaries to revoke the proxy on their behalf in accordance with the instructions provided by their intermediary, but not less than seven days before the Meeting.**

## EXERCISE OF DISCRETION BY PROXYHOLDER

The shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of any such direction, the Management Proxyholder will vote in favour of matters described in the proxy. In the absence of any direction as to how to vote the shares, an Alternate Proxyholder has discretion to vote them as he or she chooses.**

**The enclosed form of proxy confers discretionary authority upon the proxyholder with respect to amendments or variations to matters identified in the attached Notice of Meeting and other matters which may properly come before the Meeting.** At present, management of the Company knows of no such amendments, variations or other matters.

## NON-REGISTERED HOLDERS

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares.** More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the “**Non-Registered Holder**”) but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with applicable Canadian securities laws, the Company has distributed copies of the Notice of Meeting, this Information Circular and the form of proxy (collectively, the “**Meeting Materials**”) indirectly to the Non-Registered Holders through Intermediaries.

The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each Non-Registered Holder unless such Non-Registered Holder has waived the right to receive the Meeting Materials. Management of the Company does not intend to pay for Intermediaries to forward to beneficial owners of securities that have provided instructions to their Intermediary that such beneficial owner objects to the Intermediary disclosing ownership information about the beneficial owner (“**OBOs**”) under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* the Meeting Materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and each OBO will not receive the Meeting Materials unless their Intermediary assumes the cost of delivery.

Meeting Materials sent to Non-Registered Holders who have not waived the right to receive Meeting Materials are accompanied by a voting instruction form (“**VIF**”). This form is similar to the proxy provided to registered shareholders of the Company. By returning the VIF in accordance with the instructions noted on it, a Non-Registered Holder is able to instruct the registered shareholder how to vote on behalf of the Non-Registered Holder. VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. **Non-Registered Holders receiving a VIF cannot use that form to vote common shares directly at the Meeting. Non-Registered Holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.** Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder or his or her nominee the right to attend and vote at the Meeting.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and

information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

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

Except as disclosed herein, no Person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and the appointment of auditors. For the purpose of this paragraph, "Person" shall include each person: (a) who has been a director or executive officer of the Company at any time during the most recently completed financial year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in (a) or (b).

### RECORD DATE, VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value. As at the date of this Information Circular, there are 174,256,515 common shares issued and outstanding, each common share carrying the right to one vote. The Company has no other classes of voting securities.

In accordance with applicable laws, the board of directors of the Company (the "Board") has provided notice of and fixed the record date as of November 9, 2018 (the "Record Date") for the purposes of determining Shareholders entitled to receive notice of, and to vote at, the Meeting, and has obtained a list of all persons who are Registered Shareholders at the close of business on the Record Date and the number of common shares registered in the name of each Registered Shareholder on that date. Each Registered Shareholder as at the close of business on the Record Date will be entitled to receive notice of the Meeting and will be entitled to one vote at the Meeting for each common share registered in his or her name as it appears on the list.

To the knowledge of the directors and executive officers of the Company, no one shareholder beneficially owns, or controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company, other than the following:

Shareholder Name	Number of Common Shares Held <sup>(1)(2)</sup>	Percentage of Issued Common Shares
Eric S. Sprott	18,628,006	10.69%

Notes:

- (1) The above information was supplied to the Company from the insider reports available at [www.sedi.ca](http://www.sedi.ca). Mr. Sprott will receive approximately an additional 2.1M shares resulting from the transaction Ascot closed with Jayden Resources Ltd. when it acquired the Silver Coin Project. To the knowledge of the Company, these shares have not yet been allocated and are not reflected in the table above.

### RECEIPT OF FINANCIAL STATEMENTS

The audited financial statements of the Company for the financial year ended March 31, 2018 and accompanying auditor's report will be presented at the Meeting and have been previously filed under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### SIZE OF THE BOARD

During 2018, the Board of Directors determined that it would be in the Company's best interest to add additional skills required to oversee management's execution of the strategic vision. At the 2017 annual general shareholders meeting, the size of the Company's board remained at six (6) directors. In early 2018, the board increased the size of the board to seven (7) with the addition of Bill Bennett. Management is recommending that you vote to increase the size of the board from six (6) to seven (7) directors. The Board recommends a vote "FOR" the increase in the size of the board.

## ELECTION OF DIRECTORS

The term of office of each of the directors expires at the Meeting. At the 2017 annual general shareholders meeting, the Company's shareholders elected six (6) directors. Subsequently, Mr. Swann stepped down from the Board in January 2018 and the Board appointed two additional directors, Messrs. Njegovan and Bennett, all in accordance with the Company's Articles, increasing the size of the Board to seven (7) members. The nominees are all of the existing directors of the Company. Each director elected will hold office until the next annual general meeting or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Company or the provisions of the *Business Corporations Act* (British Columbia) or he or she becomes disqualified to act as a director.

The table below sets forth for each management nominee for election as director, (i) their name, (ii) the province or state and country where they reside, (iii) their age, (iv) all offices of the Company now held by each of them, including the committees on which they serve, (v) the period of time during which each has been a director of the Company, (vi) 2017 voting results, (vii) their principal occupations, businesses or employment, (viii) the number of common shares of the Company that each nominee beneficially owns, or controls or directs, directly or indirectly, as at the date hereof, and (ix) skills and qualifications relevant to the Company. The Board recommends a vote "FOR" the appointment of each of the following nominees as directors.

Name, Residence, Age, Present Position with the Company, and Voting Results <sup>(1)</sup>	Principal Occupation and Occupations during past 5 years <sup>(1)</sup>	# of Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly <sup>(1)</sup>	Skills & Qualifications <sup>(1)</sup>
<p><b>RICK ZIMMER</b><sup>(6)(7)</sup>            B.Sc., B.Eng., MBA, P.Eng            Vancouver, BC Canada            Age: 70  <i>Independent Director &amp; Board Chairman since Oct 6, 2017</i></p> <p><i>2017 Voting Results:</i>            For: 80,848,176            Withheld: 0</p>	<p>Professional Director; Currently also a director of:            Capstone Mining Corp. (since 2011);            Alexco Resources Corp. (since 2012)</p>	<p>58,335            common shares</p>	<ul style="list-style-type: none"> <li>• Over 40 years of operating and development experience in Gold and Copper mining</li> <li>• CEO, headship and management oversight positions</li> <li>• Board experience/corporate governance</li> <li>• Experience with budgeting and planning for mining operations</li> <li>• Commercial dealings/contract negotiation &amp; analysis</li> <li>• Joint ventures, mergers &amp; acquisitions</li> <li>• Professional Mining Engineer</li> </ul>
<p><b>JAMES STYPULA</b><sup>(5)(6)</sup>            Cranbrook, BC Canada            Age: 69  <i>Independent Director since Oct 6, 2017</i></p> <p><i>2017 Voting Results:</i>            For: 80,848,176            Withheld: 0</p>	<p>Professional Director</p>	<p>83,500            common shares</p>	<ul style="list-style-type: none"> <li>• Over 40 years of capital markets/corporate finance</li> <li>• Former CEO</li> <li>• Board experience/corporate governance</li> <li>• Commercial dealings/contract negotiation &amp; analysis</li> <li>• International transactions</li> <li>• Mergers and acquisitions</li> <li>• Financial expertise/industry literacy</li> </ul>

<b>Name, Residence, Age, Present Position with the Company, and Voting Results<sup>(1)</sup></b>	<b>Principal Occupation and Occupations during past 5 years<sup>(1)</sup></b>	<b># of Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly<sup>(1)</sup></b>	<b>Skills &amp; Qualifications<sup>(1)</sup></b>
<p><b>ROBERT EVANS<sup>(4)(6)</sup></b> Surrey, BC Canada Age: 65 <i>Non-Independent Director</i></p> <p><i>2017 Voting Results:</i> For: 62,821,270 Withheld: 18,566,906</p>	<p>Chartered Accountant; Former Secretary/Treasurer, and Chief Financial Officer (from 1989 to 2017) and currently a Director of the Company (since 1989 to present)</p>	<p>105,000 common shares</p>	<ul style="list-style-type: none"> <li>• Over 40 years of financial Reporting experience</li> <li>• Former CFO</li> <li>• Chartered accountant</li> <li>• Board experience</li> <li>• Commercial dealings/contract negotiation &amp; analysis</li> </ul>
<p><b>KENNETH CARTER<sup>(5)(7)</sup></b> Halfmoon Bay, BC Canada Age: 70 <i>Independent Director since Apr 15, 1993</i></p> <p><i>2017 Voting Results:</i> For: 80,847,576 Withheld: 600</p>	<p>Professional Director, Retired Geologist</p>	<p>750,100 common shares</p>	<ul style="list-style-type: none"> <li>• Over 40 years of operating and development experience in base metals mining</li> <li>• Former general manager with headship and management oversight positions</li> <li>• Experience with budgeting and planning for mining operations</li> <li>• Board experience</li> <li>• Commercial dealings/contract negotiation &amp; analysis</li> <li>• Professional Geologist</li> </ul>
<p><b>GREG GIBSON<sup>(7)</sup></b> Toronto, ON Canada Age: 56 <i>Independent Director since Aug 5, 2016</i></p> <p><i>2017 Voting Results:</i> For: 74,236,594 Withheld: 6,611,582</p>	<p>Currently President and CEO of Sprott Mining Inc. and Jerritt Canyon Gold LLC and currently a director of Sprott Mining Inc., Jerritt Canyon Canada, and Novo Resources Corp. Formerly a director of Barkerville Gold Mines Ltd., Kerr Mines Inc., Latin American Minerals, and Metanor Resources Inc.</p>	<p>Nil</p>	<ul style="list-style-type: none"> <li>• Over 30 years of operating and development experience in gold and copper mining</li> <li>• Numerous CEO, headship and management oversight positions</li> <li>• Board experience/corporate governance</li> <li>• Capital markets/corporate finance</li> <li>• Commercial dealings/contract negotiation &amp; analysis</li> <li>• International transactions</li> <li>• Joint ventures, mergers &amp; acquisitions</li> </ul>
<p><b>DON NJEHOVAN<sup>(2)(4)(5)</sup></b> Toronto, ON Canada Age: 48 <i>Independent Director since Jan 16, 2018</i></p> <p><i>2017 Voting Results:</i> N/A<sup>(2)</sup></p>	<p>Currently Vice President of New Business Development at Osisko Mining and formerly a director of St. Andrews Goldfields prior to its acquisition by Kirkland Lake Gold in 2016.</p>	<p>20,000</p>	<ul style="list-style-type: none"> <li>• Board experience/corporate governance</li> <li>• Capital markets/corporate finance</li> <li>• Commercial dealings/contract negotiation &amp; analysis</li> <li>• International transactions</li> <li>• Joint ventures, mergers &amp; acquisitions</li> </ul>



<b>Name, Residence, Age, Present Position with the Company, and Voting Results<sup>(1)</sup></b>	<b>Principal Occupation and Occupations during past 5 years<sup>(1)</sup></b>	<b># of Shares Beneficially Owned or Controlled or Directed, Directly or Indirectly<sup>(1)</sup></b>	<b>Skills &amp; Qualifications<sup>(1)</sup></b>
<b>WILLIAM BENNETT<sup>(3)(4)(7)</sup></b> Cranbrook, BC Canada Age: 68 Independent Director since Feb 1, 2018  <i>2017 Voting Results:</i> N/A <sup>(3)</sup>	Profession Director; Law Degree; formerly BC MLA for 16 years; formerly Minister, Energy & Mines and currently a director of Kutcho Copper Corp., Eagle Plains Resources Ltd. and Surge Exploration Inc.	Nil	<ul style="list-style-type: none"> <li>• Board experience/corporate governance</li> <li>• Capital markets/corporate finance</li> <li>• Commercial dealings/contract negotiation &amp; analysis</li> <li>• Government permitting, First Nations</li> <li>• Governance &amp; Community Relations</li> </ul>

Notes:

- (1) All information in the table above is not within the knowledge of the management of the Company and has been furnished by the representative nominees.
- (2) Mr. Njegovan joined the Board on January 16, 2018.
- (3) Mr. Bennett joined the Board on February 1, 2018.
- (4) Member of the Audit Committee.
- (5) Member of the Compensation Committee.
- (6) Member of the Governance and Nomination Committee.
- (7) Member of the Health, Safety, Environmental and Technical Committee.

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

No nominee director of the Company:

- (a) is, 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 or chief financial officer of any company (including the Company) that, while that person was acting in that capacity:
- (i) was the subject of a cease trade or similar order, or an order that denied the other relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (ii) was subject to an event that resulted, after the director, chief executive officer or chief financial officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) is, at the date of this Information Circular, or has been, within 10 years before the date of this 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 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 such person.

No proposed director of the Company has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities

regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **APPOINTMENT OF AUDITOR**

In early 2018, management determined that it is in the Company's best interest to change auditors and the Board approved the change from BDO Canada LLP to PriceWaterhouseCoopers. Management is recommending that shareholders vote to appoint PriceWaterhouseCoopers, Chartered Accountants, of 250 Howe Street, Vancouver, British Columbia, V6C 3S7 as auditor for the Company for the current financial year and to authorize the directors to fix their remuneration.

Attached as Schedule "C" to this Information Circular is the Company's change of auditor notice (Schedule C-1) and response letters from the Company's former auditor BDO Canada LLP (Schedule C-2) and its successor auditor PriceWaterhouseCoopers (Schedule C-3) (together, the "**Reporting Package**"), prepared in accordance with NI 51-102.

In the absence of a contrary instruction, the persons named in the accompanying form of proxy intend to vote for the appointment of PriceWaterhouseCoopers as auditor of the Company to hold office until the next annual meeting of shareholders or until a successor is appointed and the authorization of the Board to fix the remuneration of the auditor.

## **ADOPTION AND APPROVAL OF THE STOCK OPTION PLAN**

### *Background*

The Company's Stock Option Plan (the "**Stock Option Plan**"), as last approved by Shareholders on September 27, 2016, is a 15% fixed plan.

The Stock Option Plan is designed to encourage share or equity ownership and entrepreneurship on the part of the officers, employees and consultants of the Company. The Compensation Committee of the Board believes that the Stock Option Plan aligns the interests of those persons eligible to participate in the Stock Option Plan with the interests of Shareholders, by linking a component of compensation to the longer-term performance of the Company's common shares. Importantly for an exploration stage company, the Stock Option Plan also allows the Company to provide long term incentive-based compensation without depleting the Company's cash resources which are needed for ongoing exploration and development activities.

The Stock Option Plan provides that options ("**Options**") to purchase common shares may be granted to any director, employee or consultant of the Company or a subsidiary of the Company (each, an "**Eligible Person**"). The Compensation Committee or such other committee of the Board as may be designated by the Board has the authority to administer the Stock Option Plan and to determine, among other things, the vesting period and the exercise period (subject to a maximum term of five years from the date of grant and the Compensation Committee's discretion in the event that it accelerates vesting for any reason). The Board has the ability to revoke any of the powers conferred on the Compensation Committee under the Stock Option Plan. For a summary of the terms of the Stock Option Plan, see *Securities Authorized for Issuance under Equity Incentive Plans – Summary of the Stock Option Plan*.

As at the date hereof, **14,690,000** Options are currently issued and outstanding under the Stock Option Plan out of 20,247,897 issuable under the fixed plan, which underlying common shares represent approximately **8.4%** of the issued and outstanding common shares of the Company.

At the Meeting, Shareholders will be asked to approve a new Stock Option Plan (the "**2018 Stock Option Plan**") to replace the existing Stock Option Plan. In order for the resolutions regarding the 2018 Stock Option Plan (the "**Stock Option Plan Resolution**") to be approved, the Stock Option Plan Resolution must be passed by a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting. **Unless such authority is**

**withheld, the management representatives designated in the enclosed form of proxy intend to vote FOR the approval of the Stock Option Plan Resolution.**

*Summary of the 2018 Stock Option Plan*

The principal change between the Stock Option Plan and the 2018 Stock Option Plan is to provide that the maximum number of common shares that may be issuable under the Stock Option Plan shall be 10% of the number of issued and outstanding common shares on a non-diluted basis from time to time.

The 2018 Stock Option Plan provides that options to purchase Common Shares may be granted to directors, officers, employees or consultants of the Company, as determined by the Board, subject to limitations imposed by the stock exchange on which the Common Shares are listed for trading. The options shall vest and expire at a date determined by the Board, but in no case will such date be more than five years from the date of the option grant. The Board will also set the exercise price for each stock option granted, subject to the minimum pricing rules required under the policies of the stock exchange at that time.

If an Option Holder (as defined in the 2018 Stock Option Plan) ceases to be an employee or other Eligible Person (as defined in the 2018 Stock Option Plan), other than as a result of termination with cause, or ceases to act as a director of the Company, any option they hold will be exercisable only for 90 days thereafter, or prior to its expiration, whichever is sooner. If an Option Holder is dismissed from employment for cause, the option will immediately terminate and no longer be exercisable. If the employment or term of office of an Option Holder is terminated as a result of Disability (as defined in the 2018 Stock Option Plan) or death, the Option Holder or his or her legal representative(s) may exercise any option they hold at any time during the twelve-month period immediately following the Termination Date (as defined in the 2018 Stock Option Plan), but in no event beyond the expiration of such option.

The aggregate number of Common Shares reserved for issuance pursuant to the 2018 Stock Option Plan are subject to the following limitations: (i) the number reserved for issuance to any Eligible Person within a one-year period must not exceed 5% of the Common Shares outstanding at the time of grant; (ii) the number reserved for issuance to any consultant within a one-year period must not exceed 2% of the Common Shares outstanding at the time of grant; (iii) the number reserved for issuance to an employee conducting Investor Relations Activities (as defined in the 2018 Stock Option Plan) within a one-year period must not exceed 2% of the common shares outstanding at the time of grant, with options vesting in stages and no more than one quarter (1/4) of options vesting in any three month period; and (iv) the number reserved for issuance to Insiders (as defined in the 2018 Stock Option Plan) must not exceed 10% of the Common Shares outstanding from time to time. The aggregate number of options that may be granted pursuant to the Amended Option Plan to Insiders (as defined in the 2018 Stock Option Plan) within a one-year period must not exceed 10% of the Common Shares outstanding from time to time.

The terms of the 2018 Stock Option Plan are included in their entirety as Schedule “B” to this Information Circular.

The 2018 Stock Option Plan was approved by the Board on November 15, 2018 and must be approved by both the TSX venture exchange (“TSXV”) and the Shareholders. The amendments to the Stock Option Plan were submitted for approval to the TSXV on November 2, 2018 and is subject to confirmation and approval by the Shareholders and satisfying the requirements of the TSXV, including the filing of the applicable documentation.

*Stock Option Plan Resolution*

The text of the Stock Option Plan Resolution which will be presented at the Meeting and, if deemed appropriate, adopted with or without variation is as follows:

“BE IT RESOLVED, as an ordinary resolution, that:

1. the Company’s 2018 Stock Option Plan (the “**Stock Option Plan**”), as set out in the copy attached as Schedule “B”, be and is hereby approved;
2. all unallocated options, rights and entitlements under the 2018 Stock Option Plan, as amended, be and are

hereby authorized and approved; and

3. any one officer or director of the Company be and is hereby authorized, for and in the name of and on behalf of the Company, to execute and deliver, or cause to be executed and delivered, all such further agreements, instruments, amendments, certificates and other documents and to do or cause to be done all such other acts and things as such officer or director may determine to be necessary or advisable for the purpose of giving full force and effect to the provisions of this resolution, the execution by such officer or director and delivery of any such agreement, instrument, amendment, certificate or other document or the doing of any such other act or thing being conclusive evidence of such determination.”

If the Stock Option Plan Resolution is not approved by shareholders, the existing Stock Option Plan will remain in effect in accordance with its terms.

**The Board recommends that Shareholders vote FOR the Stock Option Plan Resolution, and the Company has been advised that the directors and senior officers of the Company intend to vote all common shares held by them in favour of the Stock Option Plan Resolution. In the absence of contrary instruction, the person(s) designated by management of the Company in the enclosed form of proxy intend to vote FOR the Stock Option Plan Resolution.**

## EXECUTIVE COMPENSATION

### Named Executive Officers

For the purposes of this Statement of Executive Compensation, set out below are particulars of compensation paid to the following persons (the “**Named Executive Officers**” or “**NEOs**”) during the year ended March 31, 2018:

- (a) the Company’s chief executive officer (“**CEO**”);
- (b) the Company’s chief financial officer (“**CFO**”);
- (c) each of the Company’s three most highly compensated executive officers, including any of its subsidiaries, or three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as 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 Company’s NEOs for the most recently completed financial year ending March 31, 2018 were:

- Derek White, President and CEO, who joined the Company effective October 6, 2017;
- John Toffan, former President, CEO and director, who resigned effective October 6, 2017;
- Carol Li, CFO, who joined the Company effective November 2, 2017;
- Robert Evans, former CFO, Treasurer and Secretary, who resigned effective November 2, 2017;
- John Kiernan, Chief Operating Officer, who joined the Company effective October 7, 2017; and
- Rickki Kasum, former Project Manager at the Premier-Dilworth Project who resigned as an officer and director on November 14, 2017.

### Reconstituting Management and the Board of Directors

Effective October 6, 2017, Mr. Derek White was appointed President and CEO of the Company. Mr. White succeeded Mr. Toffan who retired for health reasons as President and CEO effective the same date and later did not stand for director re-election at the 2017 annual general meeting of the Company. The appointment was made in connection with the

appointment of two new directors, Rick Zimmer and James (Jim) Stypula. Mr. Zimmer was later appointed as non-executive chair of the board of directors of the Company (the “**Board**”). With the Company moving towards the next phase of its development, restarting the mine at the Premier-Dilworth Project, Mr. White’s extensive experience in mining along with the experience of the new board members will support the Company’s development.

Mr. White brings over 30 years of international experience in the mining industry to this role. Most recently, Mr. White acted as a Principal of Traxys Capital Partners LLP, a private firm specializing in the mining and materials sectors. Prior to joining Traxys, Mr. White was the President and CEO of KGHM International Ltd. from 2012 to 2015 overseeing six mining operations and four large development projects in Canada, the United States and Chile. He also held the positions of Executive Vice President, Business Development/CFO from 2004 to 2012 of Quadra FNX Mining Ltd. Mr. White has held executive positions in business development, operations and finance with BHP Billiton Plc, Billiton International Metals BV and Impala Platinum Holdings Ltd., in Vancouver, Toronto, London, The Hague, and Johannesburg. He is an ICSA Accredited Director and has served on a number of precious metal boards throughout his career. Mr. White holds an undergraduate degree in Geological Engineering from the University of British Columbia and is also a Chartered Accountant.

Mr. Zimmer has a degree in Mining Engineering and an MBA and has over 40 years of Canadian and international mining experience including exploration, development and mine operations (both underground and open pit). In the past, Mr. Zimmer served as: President and CEO of Far West Mining Ltd.; VP and Project Manager for Teck’s Pogo project in Alaska and General Manager of Teck’s Tarmoola gold mine in Australia; Mine Manager of Teck’s Afton copper-gold mine in British Columbia as well as acting in several senior mining roles throughout his career. Mr. Zimmer currently serves as a director of Capstone Mining Corp., Alexco Resource Corp., and one private mining company.

Mr. Stypula is a businessman with over 30 years of experience and a former investment advisor and financier of mineral exploration and development companies in North and South America. Mr. Stypula was the former Chairman of the board of directors of Magellan Minerals Ltd. after its merger with Chapleau Resources Ltd. where he served as CEO and director. Mr. Stypula was also one of the founding directors of Far West Mining Ltd. Mr. Stypula has acted on numerous board committees and has a wealth of business experience related to the mining industry, especially with respect to the small cap gold sector.

Effective October 7, 2017, Mr. John Kiernan was appointed to the role of Chief Operating Officer. Mr. Kiernan is a professional mining engineer with over 30 years of operational development experience, including a cumulative four years as an underground miner and operating foreman. Previously, Mr. Kiernan served as the VP Project Development for Magellan Minerals Ltd., the Manager Project Evaluation for QuadraFNX Mining Ltd., as a Mining Analyst for PI Financial Corp. and VP Mining/Mine Manager for Roca Mines Inc. Mr. Kiernan holds a B.Sc. in Mining Engineering from Queen’s University and an MBA from Laurentian University.

On November 2, 2017, Ms. Carol Li was appointed as Chief Financial Officer. Ms. Li is a Canadian Chartered Professional Accountant with over 20 years of financial and executive management experience, of which 14 years in mining. Ms. Li was formerly Vice President, Finance for KGHM International Ltd. from 2012 to 2017 and Corporate Controller for Quadra/QuadraFNX Mining Ltd. from 2004 to 2012. Mr. Bob Evans stepped down as CFO, Treasurer and Secretary on the same date and remains as a director of the Company.

On November 14, 2017, Mr. Kasum stepped down as an officer of the Company changing his employment relationship with the Company to that of a consultant. Mr. Kasum also did not stand for re-election for the Board.

On January 16, 2018, Mr. Don Njegovan was appointed to the Board when Capt. John Swann retired as a director of the Company. Mr. Njegovan, currently the Vice President of New Business Development at Osisko Mining, headquartered in Toronto, Canada, brings a wealth of experience in both the banking and mining sectors with senior roles held previously at Scotiabank and Hudson Bay Mining & Smelting Co., Limited. Mr. Njegovan holds a Bachelor of Science in Mining Engineering from Michigan Technological University and a Bachelor of Arts from the University of Manitoba. He was also a director of St. Andrew Goldfields Ltd. prior to its acquisition by Kirkland Lake Gold Ltd. in 2016.

Effective February 1, 2018 Mr. William (Bill) Bennett was appointed to the board. Mr. Bennett was a government MLA in British Columbia (“**BC**”) for 16 years in the Riding of Kootenay East. In addition to holding portfolios for Local Government and Tourism, Mr. Bennett was named BC Mines Minister three separate times over his 16 years. Mr. Bennett has a BA from the University of Guelph and a law degree from Queen’s University. Mr. Bennett is known across Canada

for his knowledge of the mining industry in BC. He led the BC government's efforts over many years to restore BC's competitiveness for exploration investment, including having improved the BC Ministry of Energy & Mines permitting process and helping to launch BC's First Nations mine revenue sharing program. There are few people in Canada who have such a strong combined knowledge of government processes, of the mining industry and of First Nations. Mr. Bennett also sits on the board of directors of Kutcho Copper Corp. and Eagle Plains Resources Ltd.

The board of directors of the Company is now composed of 6 independent directors and one non-independent director. The role of chair of the Board is also now independent of the position of President and CEO. In addition to the audit committee, the Board appointed a compensation committee; governance and nomination committee; health, safety, environmental and technical committee; and a disclosure committee.

### **Employment and Consulting Contracts**

Mr. White entered into a consulting contract dated October 6, 2017. Ms. Li entered into a consulting contract dated November 2, 2017. Mr. Kiernan entered an employment contract on October 7, 2017. The consulting and employment agreements prescribe the terms of consulting/employment for each of Mr. White, Ms. Li and Mr. Kiernan and set out their base consulting fees or salary and eligibility for incentive-based awards (annual discretionary bonus and equity incentive grants).

The annual salary of each of Mr. White, Ms. Li and Mr. Kiernan are reviewed annually in the manner consistent with the *Compensation Philosophy and Objectives* and *Compensation Elements* below. The payment of bonuses and the grants made under incentive equity plans are at the discretion of the Board and are determined in accordance with the methodology described in the *Compensation Elements* below. Each Mr. White, Ms. Li and Mr. Kiernan have termination and change of control benefits as describe below in *Termination and Change of Control Benefits*.

### **Compensation Philosophy and Objectives**

The Company's executive compensation program is designed to attract, motivate and retain high performing senior executives, encourage and reward superior performance and align the executives' interests with those of the Company's shareholders. During the year ended March 31, 2018 the compensation philosophy remained primarily the same as previous years with the two main elements of base salary and stock option awards. However, as described above, the Company experienced a major reconstruction of management and the board of directors over the last year. The new Board has been focused on good governance practices and appointed a compensation committee (the "**Compensation Committee**") on November 14, 2017 to assume the responsibilities for reviewing and approving corporate goals and objectives relevant to an NEO's compensation, evaluating the NEO's performance in light of those goals and objectives and making recommendations to the Board with respect to the NEO's compensation based on this evaluation. The Compensation Committee is composed entirely of three independent directors: James Stypula (Chair), Don Njegovan and Kenneth Carter.

The Compensation Committee monitors levels of executive remuneration to ensure overall compensation reflects the Company's objectives and philosophies. In mid 2018, the Compensation Committee set a new compensation philosophy to assist in compensating newly established corporate objectives as outlined below. In early 2018, the Company changed its financial year end to December 31 and the new compensation philosophy has been implemented to be effective for the year ended December 31, 2018.

The general objective of the Company's new compensation philosophy is to: (i) compensate management in a manner that encourages and rewards a high level of performance and outstanding results, with a view to increasing long-term shareholder value; (ii) align management's interests with the long-term interests of shareholders; (iii) provide a compensation package that is commensurate with other mining development companies in order to enable the Company to attract and retain talent; and (iv) ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Company operates by virtue of the fact that it is an exploration and development company without a history of earnings.

The Compensation Committee annually reviews each of the components and relevant competitive factors listed below and makes recommendations to the Board based on corporate and individual performance, taking into account leadership abilities, retention, risk and succession plans. The CEO makes recommendation for all senior executives except for himself and only participates in discussions regarding senior executive compensation as requested by the Compensation

Committee or the Board regarding this remuneration. The CEO does not participate in the decisions of the Board in approving compensation.

The Company's new compensation philosophy is to target a higher pay at risk for the NEO (65%+ range vs. the peer group of 55%). Accordingly, where possible the Company will target the second lowest quartile on cash compensation (salary + STIP) and above the 75th percentile on total compensation.

### **Compensation Elements**

Under the new compensation philosophy, the compensation of the NEOs consists of three main components: base salary or consulting fees, short-term incentive compensation (discretionary annual cash bonuses) ("STIP") and long-term incentives, currently in the form of stock options ("LTIP"). The following discussion describes the components of compensation and discusses how each component relates to the Company's overall executive compensation objective.

**Base Salary:** The primary element of the Company's compensation program is base salary or consulting fee. The Company's view is that a competitive base salary or consulting fee is a necessary element for retaining qualified executive officers. Base salary or consulting fees are established by taking into account level of skills, expertise and capabilities demonstrated by the senior executives, individual performance and experience, level of responsibility and competitive pay practices by comparable junior natural resource issuers. Base salary or consulting fees are reviewed annually by the Board and are adjusted, if appropriate to reflect performance and market changes taking into account the recommendation of the Compensation Committee.

**Short-Term Incentives:** Performance bonuses are payable in cash and the amount payable is based on the Compensation Committee's assessment of the Company's performance for the year. Factors considered in determining bonus amounts generally include individual performance, financial criteria (such as successful financings, project management performance) and operational criteria (such as significant mineral property acquisitions, successful mineral property exploration and development as well as health, safety and environmental requirements, resource growth, and the attainment of other corporate milestones).

In determining to award performance bonuses, including the amounts thereof, the Board uses its discretion and takes into consideration the Company's annual achievements, without assigning any quantifiable weight or factor in respect of any particular achievement or corporate milestone. It is the intention of the Board that the short-term incentive program be linked to the corporate objectives recommended by the Compensation Committee and approved by the Board.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, will trigger the award of a bonus payment to the NEOs. The NEOs will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Compensation Committee's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board.

The Board will reserve the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

**Long-Term Incentives:** The Company provides for equity participation in the Company through its Option Plan. The granting of stock options is designed to give each option holder an interest in reserving and maximizing shareholder value in the longer term, to enable the Company to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance.

The Company established the Option Plan in order to attract and retain directors, executive officers and employees who will be motivated to work towards ensuring the success of the Company. Proposed grants are submitted by the Compensation Committee to the Board for approval. Prior grants to executive officers are taken into consideration when considering new grants. The Board administers the Option Plan and has the authority to amend the plan, subject to applicable shareholder and regulatory approvals.

A NEO or director is not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. The Board has not considered risks associated with the Company's compensation policies and practices.

### **Corporate Objectives**

The Board has approved the following Corporate objectives for 2018.

- i. Complete NI 43-101 underground resources with a minimum resource identified to restart operations;
- ii. Complete an engineering study that defines the capital and operating cost to restart the mill and underground mining operation based on the resources identified in (i) above;
- iii. Rectify all the governance issues of the company to appropriate standard;
- iv. Complete the environmental surety bonding, permit transfer and purchase agreement with Boliden;
- v. Increase the investor awareness by adding new analysts and increasing the average trading volumes; and
- vi. Manage the company cost within +/- 10% of the approved budget or forecast as determined by the Board.

### **Comparator Group**

Comparative data for the Company's peer group is accumulated by the Compensation Committee from a number of external sources. The initial peer group selected by the Compensation Committee will be reviewed on an annual basis to ensure that it is relevant to the Company's growth and is as follows:

Auryn Resources Inc.	IDM Mining Ltd.	Probe Metals Inc.
Barkerville Gold Mines Ltd.	Imperial Metals Corp.	Pure Gold Mining Inc.
Falco Resources Ltd.	Marathon Gold Corporation	Sabina Gold & Silver Corp.
Harte Gold Corporation	Midas Gold Corp.	Orca Gold Inc.
Frist Mining Gold Corp.	Nighthawk Gold Corp.	Trilogy Metals Inc.
		Victoria Gold Corp.

### **SUMMARY COMPENSATION TABLE**

The following table is a summary of compensation paid to the NEOs for each of the Company's three most recently completed financial years ended March 31, 2016, March 31, 2017 and March 31, 2018:



Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Derek C. White <sup>(3)</sup> <i>President &amp; CEO</i>	2018	Nil	Nil	4,763,848	Nil	Nil	Nil	125,000 <sup>(6)</sup>	4,888,848
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
John A. Toffan <sup>(3)</sup> <i>Former President &amp; CEO</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil	260,000 <sup>(9)</sup>	260,000
	2017	Nil	Nil	1,083,544	Nil	Nil	Nil	365,000 <sup>(5)</sup>	1,448,554
	2016	Nil	Nil	Nil	Nil	Nil	Nil	200,000 <sup>(6)</sup>	200,000
Carol Li <sup>(4)</sup> <i>CFO</i>	2018	Nil	Nil	307,862	Nil	Nil	Nil	36,250 <sup>(6)</sup>	344,112
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Robert A. Evans <sup>(4)</sup> <i>Former Secretary/ Treasurer/ CFO</i>	2018	195,000	Nil	Nil	Nil	Nil	Nil	100,000 <sup>(2)</sup>	295,000
	2017	215,000	Nil	1,083,554	Nil	Nil	Nil	150,000 <sup>(7)</sup>	1,448,554
	2016	200,000	Nil	Nil	Nil	Nil	Nil	Nil	200,000
John Kiernan <sup>(6)</sup> <i>Chief Operating Officer</i>	2018	73,333	Nil	607,391	Nil	Nil	Nil	Nil	680,724
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Rickki L. Kasum <sup>(8)</sup> <i>Former Project Manager at Dilworth and Premier</i>	2018	182,750	Nil	Nil	Nil	Nil	Nil	75,000 <sup>(2)</sup>	257,750
	2017	200,576	Nil	663,636	Nil	Nil	Nil	Nil	864,212
	2016	180,294	Nil	Nil	Nil	Nil	Nil	Nil	180,294

Notes:

- (1) The Company uses the Black-Scholes option pricing model to calculate the fair value of option based awards. The model requires six key inputs: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility, all of which, other than the exercise price and market price, are estimates by management of the Company. The Black-Scholes model was used to compute option fair values because it is the most commonly used option pricing model and is considered to produce a reasonable estimate of fair value.
- (2) Severance payment
- (3) Mr. White was appointed as President and CEO on October 6, 2017, the same date that Mr. Toffan resigned as President and CEO. Mr. Toffan also subsequently did not stand for director re-election in December 2017.
- (4) Ms. Li was appointed as CFO on November 2, 2017 concurrent with Mr. Evans resigning as CFO, Treasurer and Corporate Secretary
- (5) Consists of consulting fees in the amount of \$215,000 and a bonus in the amount of \$150,000.
- (6) Consulting fees paid to the NEO.
- (7) Consists of a bonus paid to the NEO.
- (8) Mr. Kasum stepped down as a director of the Company on November 14, 2017 and took the role of a consultant of the Company.
- (9) Consists of consulting fees in the amount of \$130,000 and a severance payment in the amount of \$130,000.
- (10) During the year ended March 31, 2018, Messrs. Toffan, Evans and Kasum did not receive additional compensation for performing director duties with exception to any proportionate consideration (severance described herein) given in good faith for length of tenure as an officer and director.

## INCENTIVE PLAN AWARDS

### Outstanding share-based awards and option-based awards

The following table sets out the option-based awards made by the Company to the NEOs which were outstanding as at March 31, 2018. Further details about the granting of options and determination of their terms are discussed under “*Compensation Discussion and Analysis – Compensation Elements – Option-based Awards*”.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Derek C. White	5,000,000	1.60	Oct. 6, 2022	Nil	2,333,334	Nil	Nil
John A. Toffan	600,000	0.95	Sept. 17, 2018	180,000	Nil	Nil	Nil
	750,000	0.88	June 20, 2019	277,500	Nil	Nil	Nil
	500,000	1.68	July 21, 2021	Nil	Nil	Nil	Nil
	400,000	1.93	Feb. 14, 2022	Nil	Nil	Nil	Nil
Carol Li	400,000	1.30	Nov. 1, 2022	20,000	200,000	Nil	Nil
Robert A. Evans	600,000	0.95	Sept. 17, 2018	180,000	Nil	Nil	Nil
	750,000	0.88	June 20, 2019	277,500	Nil	Nil	Nil
	500,000	1.68	July 21, 2021	Nil	Nil	Nil	Nil
	400,000	1.93	Feb. 14, 2022	Nil	Nil	Nil	Nil
John Kiernan	600,000	1.70	Oct. 7, 2022	Nil	266,667	Nil	Nil
Rickki L. Kasum	600,000	0.95	Sept. 17, 2018	180,000	Nil	Nil	Nil
	600,000	0.88	June 20, 2019	222,000	Nil	Nil	Nil
	400,000	1.68	July 21, 2021	Nil	Nil	Nil	Nil
	150,000	1.93	Feb. 14, 2022	Nil	Nil	Nil	Nil

Note:

<sup>(1)</sup> Value of unexercised in-the-money options is calculated based upon the difference between the market value of the Company’s common shares as at March 31, 2018 of \$1.25 (closing price on the TSX Venture Exchange) and the exercise price of the options.

### Incentive plan awards – value vested or earned during the year

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Derek C. White	3,374,394	Nil	Nil
John A. Toffan	Nil	Nil	Nil
Carol Li	202,034	Nil	Nil
Robert A. Evans	Nil	Nil	Nil
John Kiernan	438,670	Nil	Nil
Rickki L. Kasum	Nil	Nil	Nil

Note:

<sup>(1)</sup> All options vest immediately and are granted at the market price. The weighted average fair value at grant date of options vested during the year ended March 31, 2018 was \$0.93 (2017: \$1.86).

### Discussion of plan-based awards

During the financial year ended March 31, 2018, directors and officers exercised stock options as follows: 80,000 at \$0.95; and 50,000 at \$0.88. In addition, during the financial year ended March 31, 2018, the Company granted stock options in the amounts of: 5,400,000 at \$1.60; 600,000 at \$1.70; 100,000 at \$1.51; 120,000 at \$1.48; 670,000 at \$1.30; 200,000 at \$1.31 and 350,000 at \$1.37.

The Board administers the Company’s Option Plan and, as such, all proposed stock option grants are submitted to the Board for their approval. In considering new grants, the Board considers prior grants made to directors and executive officers. As previously noted, in November 2017 the Board appointed a Compensation Committee which will recommend stock option grants to the Board for approval in the future.

### PENSION PLAN BENEFITS

The Company has not established any pension plans or deferred compensation plans for directors and executive officers that provide for payments or benefits at, following, or in connection with retirement.

### TERMINATION AND CHANGE OF CONTROL BENEFITS

#### Description of Termination and Change of Control Benefits

The Company has employment and consulting agreements in place with each of Mr. White, Ms. Li and Mr. Kiernan which provided for certain termination and change of control benefits and are summarized below:

#### *Derek C. White*

Mr. White is entitled to terminate his consulting agreement with the Company by providing not less than ninety (90) days’ written notice. Upon such termination, the parties will have no further obligation to one another, except for the Company’s obligation to pay any outstanding invoices to Mr. White and, where the termination is not for cause, all outstanding stock options will vest and be fully exercisable.

If, within six (6) months immediately following a Change of Control (as defined herein), the Company terminates this consulting agreement, the Company will pay Mr. White a lump sum termination payment equal to eighteen (18) months of the monthly consulting fee.

*Carol Li*

Ms. Li is entitled to terminate her consulting agreement with the Company by providing not less than ninety (90) days' written notice. Upon such termination, the parties will have no further obligation to one another, except for the Company's obligation to pay any outstanding invoices to Ms. Li and, where the termination is not for cause, all outstanding stock options will vest and be fully exercisable.

If the Company terminates the consulting agreement as a result of a Change of Control (as defined herein), termination without cause or constructive dismissal, the Company agrees to enter a retention payment agreement to be negotiated in good faith with Ms. Li for a period of eighteen (18) months.

*John Kiernan*

Mr. Kiernan's employment contract can be terminated without cause with six (6) months written notice or, in the Company's sole discretion, can be terminated immediately upon written notice, at which time the Company shall pay Mr. Kiernan, in lieu of 6 months notice, an amount equal to the total of monthly base salary multiplied by eighteen (18) months plus a bonus equal to a percentage of the bonus earned the previous year multiplied by the base salary, or upon a combination of written notice and pay in lieu of.

If the Company terminates the employee agreement as a result of a Change of Control (as defined herein), Mr. Kiernan is entitled to termination pay of an amount equal to the total of monthly base salary multiplied by eighteen (18) months plus bonus equal to a percentage of the bonus earned the previous year multiplied by the base salary.

The Company had employment agreements in place with each of John A. Toffan, Robert A. Evans and Rickki L. Kasum which provided for certain termination and change of control benefits and are summarized below. In late 2017, the Company underwent a major reconstitution of management and the Board and the roles of each of John A. Toffan, Robert A. Evans and Rickki L. Kasum changed as described below.

*John A. Toffan*

Mr. Toffan's employment contract provided for twelve (12) months written notice or twelve (12) months base salary in lieu of such notice (at the Company's sole discretion) or any combination thereof. Mr. Toffan was entitled to terminate his employment with the Company by providing not less than ninety (90) days written notice, at which point the Company shall have the right to elect to terminate Mr. Toffan's employment at any time prior to the effective date of the resignation and, upon such election, shall provide Mr. Toffan a lump sum equal to his base salary for the notice period required to be provided by Mr. Toffan or to such proportion of that notice period that remains outstanding at the time of the election and shall continue to provide all medical and healthcare benefits that the Company is permitted or able to provide under the applicable rules of the relevant plans for the lesser of the applicable notice period or the period of time that remains outstanding at the time of the Company's election.

If, within twelve (12) months immediately following a Change of Control (as defined herein), Mr. Toffan elects to terminate his employment, Mr. Toffan's employment agreement provides for a severance payment of twelve (12) months salary and all unvested options vest immediately.

Mr. Toffan stepped down as President and CEO in October 2017 due to health issues and later did not stand for re-election as a director. Mr. Toffan remains as a consultant to the Company. At the time of his resignation, Mr. Toffan was paid \$130,000 as severance, in good faith due to the length of time he served to the Company.

*Robert A. Evans*

Mr. Evans' employment contract provided for twelve (12) months written notice or twelve (12) months base salary in lieu of such notice (at the Company's sole discretion) or any combination thereof. Mr. Evans was entitled to terminate his employment with the Company by providing not less than ninety (90) days written notice, at which point the Company shall have the right to elect to terminate Mr. Evans' employment at any time prior to the effective date of the resignation and, upon such election, shall provide Mr. Evans a lump sum equal to his base salary for the notice period required to be provided by Mr. Evans or to such proportion of that notice period that remains outstanding at

the time of the election and shall continue to provide all medical and healthcare benefits that the Company is permitted or able to provide under the applicable rules of the relevant plans for the lesser of the applicable notice period or the period of time that remains outstanding at the time of the Company's election.

If, within twelve (12) months immediately following a Change of Control, Mr. Evans elects to terminate his employment, Mr. Evans' employment agreement provides for a severance payment of twelve (12) months salary and all unvested options vest immediately.

Mr. Evans stepped down as CFO, Treasurer and Corporate Secretary of the Company in November 2017. In lieu of notice, Mr. Evans was paid \$100,000 in February 2018 as termination pay. Mr. Evans remains as a director of the Company.

*Rickki L. Kasum*

Mr. Kasum's employment provided for twelve (12) months written notice or twelve (12) months base salary in lieu of such notice (at the Company's sole discretion) or any combination thereof. Mr. Kasum may terminate his employment with the Company by providing not less than ninety (90) days written notice, at which point the Company shall have the right to elect to terminate Mr. Kasum's employment at any time prior to the effective date of the resignation and, upon such election, shall provide Mr. Kasum a lump sum equal to his base salary for the notice period required to be provided by Mr. Kasum or to such proportion of that notice period that remains outstanding at the time of the election and shall continue to provide all medical and healthcare benefits that the Company is permitted or able to provide under the applicable rules of the relevant plans for the lesser of the applicable notice period or the period of time that remains outstanding at the time of the Company's election.

If, within twelve (12) months immediately following a Change of Control, Mr. Kasum elects to terminate his employment, Mr. Kasum's employment agreement provides for a severance payment of twelve (12) months salary and all unvested options vest immediately.

Mr. Kasum cancelled his employment contract and entered into a consulting contract with the Company in November 2017 and therefore the above termination and Change of Control benefits no longer apply. Mr. Kasum did not stand for re-election as a director. Mr. Kasum was paid termination pay in the amount of \$75,000 in good faith due to the time he served to the Company as an officer and director.

*"Change of Control"*

A **"Change of Control"** is defined in such employment agreements as any of the following:

- (a) at least 50% in fair-market value of all the assets of the Company are sold; or
- (b) there is direct or indirect acquisition by a person or group of persons (excluding the respective employee or any person associated with the respective employee) acting jointly or in concert of voting securities of the Company that when taken together with any voting securities owned directly or indirectly by such person or group of persons at the time of the acquisition, constitute 40% or more of the outstanding voting securities of the Company; or
- (c) a majority of the then-incumbent board of directors' nominees for election to the board of directors of the Company are not elected at any annual or special meeting of shareholders of the Company; or
- (d) a liquidation, dissolution or winding-up of the Company; or
- (e) the amalgamation, merger or arrangement of the Company with or into another where the shareholders of the Company immediately prior to the transaction will hold less than 51% of the voting securities of the resulting entity upon completion of the transaction;

but does not include any transaction that may occur between the Company, any affiliate or subsidiary of the Company or, as applicable, any person associated with the Company or any affiliate or subsidiary of the Company, which, but for such relationship the transaction would otherwise constitute a Change of Control hereunder.

Other than as described above, the Company and its subsidiaries have no compensatory plans or arrangements with respect to the Named Executive Officers that results or will result from the resignation, retirement or any other termination of employment of such officers' employment with the Company or its subsidiaries, from a Change of Control of the Company and its subsidiaries or a change in the Named Executive Officers' responsibilities.

### Estimated Incremental Payments

The following table sets forth the estimated incremental payments that would be made to each of the NEOs assuming that termination occurred on March 31, 2018:

Name	Triggering Event	Payment pursuant to NEO Agreement (\$) <sup>(4)(5)(6)</sup>	Payment pursuant to accelerated vesting of options triggered by termination	Total (\$)
Derek C. White	Termination without cause by the Company	375,000	Nil	375,000
	Termination by employee	Nil	Nil	Nil
	Change of Control	375,000	Nil	375,000
John A. Toffan <sup>(1)</sup>	Termination without cause by the Company	Nil	Nil	Nil
	Termination by employee	Nil	Nil	Nil
	Change of Control	Nil	Nil	Nil
Carol Li	Termination without cause by the Company	130,500	Nil	130,500
	Termination by employee	Nil	Nil	Nil
	Change of Control	130,500	Nil	130,500
Robert A. Evans <sup>(2)</sup>	Termination without cause by the Company	Nil	Nil	Nil
	Termination by employee	Nil	Nil	Nil
	Change of Control	Nil	Nil	Nil
John Kiernan	Termination without cause by the Company	240,000	Nil	240,000
	Termination by employee	Nil	Nil	Nil
	Change of Control	240,000	Nil	240,000
Rickki L. Kasum <sup>(3)</sup>	Termination without cause by the Company	Nil	Nil	Nil
	Termination by employee	Nil	Nil	Nil
	Change of Control	Nil	Nil	Nil

Notes:

- (1) Mr. Toffan resigned effective October 6, 2017 and therefore no future termination benefits are payable effective March 31, 2018.
- (2) Mr. Evans resigned effective November 2, 2017 and therefore no future termination benefits are payable effective March 31, 2018.
- (3) Mr. Kasum resigned as an employee on November 14, 2017 and therefore no future termination benefits are payable effective March 31, 2018.
- (4) Assuming the Company provides twelve (12) months' base salary in lieu of twelve (12) months' written notice upon termination.
- (5) Assuming the Company elects to terminate the employee's employment immediately upon receiving the employee's notice, resulting in base salary payable for ninety (90) days.
- (6) In no such circumstance will a NEO receive the benefit of more than one "Triggering Event."

## DIRECTOR COMPENSATION

### Director compensation table

The following table is a summary of compensation paid to non-NEO directors of the Company for the most recently completed financial year ended March 31, 2018:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$) <sup>(1)</sup>
Rick Zimmer	13,250	Nil	231,939	Nil	Nil	Nil	245,189
John Stypula	10,750	Nil	231,939	Nil	Nil	Nil	242,689
Don Njegovan	8,541	Nil	155,708	Nil	Nil	Nil	164,249
Bill Bennett	5,408	Nil	153,365	Nil	Nil	Nil	158,773
Kenneth M. Carter	8,250	Nil	Nil	Nil	Nil	Nil	8,250
Greg Gibson	8,250	Nil	40,839	Nil	Nil	Nil	49,089
L. John Swann <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) The Company uses the Black-Scholes option pricing model to calculate the fair value of option based awards. The model requires six key inputs: risk free interest rate, exercise price, market price at date of issue, expected dividend yield, expected life and expected volatility, all of which, other than the exercise price and market price, are estimates by management of the Company. The Black-Scholes model was used to compute option fair values because it is the most commonly used option pricing model and is considered to produce a reasonable estimate of fair value. These numbers are calculated in accordance with section 3870 of the CICA handbook and are the same numbers as used in the Company's financial statements
- (2) Mr. Swann stepped down as a director on January 14, 2018.

### Discussion of director compensation

Effective January 26, 2018, the Board approved director cash retainers as described in the table below. The directors of the Company do not receive any further cash compensation for attending Board meetings.

Base Retainer	\$33,000
Non-Executive Chair	\$15,000
Audit Committee Chair	\$8,000
Compensation Committee Chair	\$5,000
Governance and Nomination Committee Chair	\$5,000
Health, Safety, Environmental & Technical Committee Chair	\$5,000

Prior to the reconstitution of the Board in late 2017, directors could be compensated from time to time for consulting services provided. The compensation payable for consulting services was considered and approved by the Company's independent directors according to their understanding as to the amount of compensation that was reasonable in the circumstances. During the most recently completed financial year, the aggregate direct remuneration paid or payable by the Company to its directors for consulting services was nil.

Directors are eligible to receive stock options granted pursuant to the Company's Option Plan. The Board, as a whole, determines stock option grants for each director. During the most recently completed financial year, the Company granted incentive stock options to purchase an aggregate of 950,000 shares to its non-NEO directors.

### Outstanding share-based awards and options-based awards

The following table sets out the option-based awards made by the Company to the non-NEO directors which were outstanding as at March 31, 2018.

Name	Option Based Awards				Share Based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed
Rick Zimmer	200,000	1.60	Oct. 6, 2022	Nil	Nil	Nil	Nil
	50,000	1.37	Feb. 1, 2023	Nil	Nil	Nil	Nil
James Stypula	200,000	1.60	Oct. 6, 2022	Nil	Nil	Nil	Nil
	50,000	1.37	Feb. 1, 2023	Nil	Nil	Nil	Nil
Don Njegovan	200,000	1.31	Jan. 16, 2023	Nil	Nil	Nil	Nil
Bill Bennett	200,000	1.37	Feb. 1, 2023	Nil	Nil	Nil	Nil
Kenneth M. Carter	150,000	0.95	Sept. 17, 2018	147,000	Nil	Nil	Nil
	150,000	0.88	June 20, 2019	157,500	Nil	Nil	Nil
	100,000	1.68	July 21, 2021	Nil	Nil	Nil	Nil
	100,000	1.93	Feb. 14, 2022	Nil	Nil	Nil	Nil
Greg Gibson	400,000	2.34	Aug 6, 2021	Nil	Nil	Nil	Nil
	50,000	1.37	Feb. 1, 2023	Nil	Nil	Nil	Nil
L. John Swann <sup>(2)</sup>	120,000	0.95	Sept. 17, 2018	117,600	Nil	Nil	Nil
	50,000	0.88	June 20, 2019	52,500	Nil	Nil	Nil
	100,000	1.68	July 21, 2021	Nil	Nil	Nil	Nil
	100,000	1.93	Feb. 14, 2022	Nil	Nil	Nil	Nil

Note:

- (1) Value of unexercised in-the-money options is calculated based upon the difference between the market value of the Company's common shares as at March 31, 2018 of \$1.25 (closing price on the TSX Venture Exchange) and the exercise price of the options.
- (2) Mr. Swann stepped down as a director on January 14, 2018.



### Incentive-based awards – value vested or earned during the year

The following table sets out the aggregate dollar value that would have been realized by each non-NEO director if he exercised, on the applicable vesting dates, those options held by him under option-based awards, which vested during the most recently completed financial year ended March 31, 2018.

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 (\$)
Rick Zimmer	231,939	Nil	Nil
James Stypula	231,939	Nil	Nil
Don Njegovan	155,708	Nil	Nil
Bill Bennett	153,365	Nil	Nil
Kenneth M. Carter	Nil	Nil	Nil
Greg Gibson	40,839	Nil	Nil
L. John Swann <sup>(2)</sup>	Nil	Nil	Nil

Note:

- (1) All options vest immediately and are granted at the market price. The weighted average fair value at grant date of options vested during the year ended March 31, 2018 was \$0.87 (2017: \$1.86).
- (2) Mr. Swann stepped down as a director on January 14, 2018.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as at the year ended March 31, 2018 with respect to compensation plans under which equity securities of the Company are authorized for issuance under the Company’s Option Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuances under equity compensation plan
Equity compensation plans approved by securityholders (Stock Option Plan)	17,155,000	\$1.43	1,157,897
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	17,155,000	\$1.43	1,157,897

Note:

- (1) The number of shares available for grant under the stock option plan was approved by Shareholders on August 23, 2017 and fixed at 20,247,897. See “Summary of Stock Option Plan” below.

### Summary of Stock Option Plan

At a Meeting of Shareholders held on August 23, 2016, the Shareholders approved an amendment to the existing Option Plan (the “**Amended Option Plan**”) to provide that the number of Common Shares in the capital of the Company (the “**Common Shares**” or “**Shares**”) issuable pursuant to Options to purchase Shares granted pursuant to the Option Plan shall not in the aggregate exceed 15% of the issued and outstanding Shares of the Company at the time of implementation of the Option Plan, being 20,247,897 Common Shares, including the Common Shares issuable upon the exercise of outstanding options under the Option Plan. As of the date of this Statement of Executive

Compensation, the Company has 14,690,000 Common Shares issuable upon the exercise of outstanding options and 4,757,897 Common Shares available for future option grants.

The Amended Option Plan provides that options to purchase Common Shares may be granted to directors, officers, employees or consultants of the Company, as determined by the Board, subject to limitations imposed by the stock exchange on which the Common Shares are listed for trading. The options shall vest and expire at a date determined by the Board, but in no case will such date be more than five years from the date of the option grant. The Board will also set the exercise price for each stock option granted, subject to TSX Venture Exchange minimum pricing rules.

If an optionee ceases to be an employee or other Eligible Person (as defined in the Amended Option Plan), other than as a result of termination with cause, or ceases to act as a director of the Company, any option they hold will be exercisable only for 90 days thereafter, or prior to its expiration, whichever is sooner. Options granted to an optionee who is engaged in Investor Relations Activities (as defined in the Amended Option Plan) must expire within 30 days after the optionee ceases to be employed to provide Investor Relations Activities. If an optionee is dismissed from employment for cause, the option will immediately terminate and no longer be exercisable.

The aggregate number of Common Shares reserved for issuance pursuant to the Amended Option Plan are subject to the following limitations: (i) the number reserved for issuance to any participant within a one-year period must not exceed 5% of the Common Shares outstanding at the time of grant; (ii) the number reserved for issuance to any consultant within a one-year period must not exceed 2% of the Common Shares outstanding at the time of grant; (iii) the number reserved for issuance to an employee conducting Investor Relations Activities (as defined in the Amended Option Plan) within a one-year period must not exceed 2% of the common shares outstanding at the time of grant; and (iv) the number reserved for issuance to Insiders (as defined in the Amended Option Plan) must not exceed 10% of the Common Shares outstanding from time to time. The aggregate number of options that may be granted pursuant to the Amended Option Plan to Insiders (as defined in the Amended Option Plan) within a one-year period must not exceed 10% of the Common Shares outstanding from time to time.

#### **STATEMENT OF CORPORATE GOVERNANCE PRACTICE**

The Canadian Securities Administrators have issued guidelines on corporate governance disclosure for venture issuers as set out in Form 58-101F2 (the “**Disclosure**”). The Disclosure addresses matters relating to constitution and independence of directors, the functions to be performed by the directors of a company and their committees and effectiveness and evaluation of proposed corporate governance guidelines and best practices (collectively, the “**Guidelines**”) specified by the Canadian securities regulators.

The Company has reviewed its own corporate governance practices in light of these Guidelines. In certain cases, the Company’s practices comply with the Guidelines; however, the Board considers that some of the Guidelines are not suitable for the Company at its current stage of development and, therefore, such Guidelines have not been adopted. The Company’s approach to corporate governance in the context of the specific Disclosure issues outlined in Form 58-101F2 is set out below.

#### ***Composition and Independence of the Board of Directors***

The Company’s Board is currently comprised of seven directors. As set out in the table under the heading *Election of Directors* above, all seven of the current directors are proposed to be nominated for election at the Meeting. The Board considers that six of the seven current directors (Messrs. Zimmer, Stypula, Carter, Gibson, Njegovan and Bennett) are independent in accordance with the definition of “independence” set forth in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). Mr. Evans is not considered independent by virtue of the fact that he was formerly the Secretary, Treasurer and Chief Financial Officer of the Company until retiring from these positions effective November 1, 2017. Accordingly, the Board considers that a majority (86%) of the directors are independent.

### ***Participation of Directors as a Director of Other Reporting Issuers***

<b>Name of Director</b>	<b>Participation in Other Reporting Issuers as a Director</b>
Rick Zimmer	Capstone Mining Corp. and Alexco Resources Corp.
James Stypula	None
Kenneth M. Carter	None
Robert A. Evans	None
Greg Gibson	Director of Sprott Mining Inc., Jerritt Canyon Canada, and Novo Resources Corp.
Don Njegovan	St. Andrew Goldfields Ltd., Sable Resources Ltd., and Strongbow Exploration Inc.
Bill Bennett	Kutcho Copper Corp., Surge Exploration Inc, and Eagle Plains Resources Ltd.

### ***Management Supervision by the Board of Directors***

The size of the Company is such that all of the Company's operations are conducted by a small management team. The Board believes that management is effectively supervised by the independent directors on an informal basis since the independent directors are actively and regularly involved in reviewing the operations of the Company and have regular and full access to management. Further supervision is performed through the Company's audit committee. To assist the Board in its oversight responsibilities, the Board, Audit Committee and Governance and Nomination Committee will hold in-camera sessions regularly to facilitate open and candid discussion amongst the independent directors without the presence of management, non-independent directors and any directors with a conflict related to the topic of discussion.

### ***Orientation and Continuing Education***

While the Company does not have formal orientation and training programs, new directors are provided with:

1. information with respect to the functioning of the Board and its committees, and copies of the Company's policies;
2. access to recent publicly filed documents of the Company; and
3. access to management.

Directors are encouraged to communicate with management and the auditor to keep themselves current with industry trends and developments and changes in legislation to attend related industry seminars and to visit the Company's operations. Directors have full access to the Company's records. The Governance and Nomination Committee will review, approve and report to the Board on the orientation process for new directors. By using a board of directors 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. The Governance and Nomination Committee will review, approve and report to the Board on plans for the ongoing development of existing board members including the provision of continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as ensure their knowledge and understanding of the Company's business remains current.

### ***Ethical Business Conduct***

The Board has adopted a written Code of Ethics (the "Code") for the directors, officers and employees of the Company which sets out the legal, ethical and regulatory standards that the Company must follow to promote integrity and deter wrongdoing. Compliance with the Code is mandatory for every director, officer, employee and consultant of the Company. Each director, officer, employee and consultant verifies that he or she has reviewed and understands the

Code and will abide by its terms. A copy of the Code is available on the Company's website at [www.ascotgold.com](http://www.ascotgold.com) or may be obtained under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Board requires the Company's employees, officers and directors to act with honesty and integrity and to avoid any relationship or activity that might create, or appear to create, a conflict between their personal interests and the interests of the Company. Such individuals (and their immediate family members) are prohibited from using their positions with the Company to solicit gifts or other benefits from the Company's customers, suppliers and contractors.

The Company is committed to providing a healthy and safe workplace in compliance with applicable laws, rules and regulations. The Company has a commitment to foster a work environment in which all individuals are treated with respect and dignity. The Company is an equal opportunity employer and does not discriminate against employees, officers, directors or potential employees, officers or directors on the basis of race, color, religion, gender, national origin, age, sexual orientation or disability or any other category protected by Canadian federal or provincial laws and regulations, or any laws or regulations applicable in the jurisdiction where such employees, officers or directors are located.

### ***Governance and Nomination Committee***

The Board has established a Governance and Nomination Committee which is comprised of a majority of independent directors: James Stypula (Chair), Rick Zimmer and Robert Evans.

The Governance and Nomination Committee is responsible for providing the Board with recommendations relating to the corporate governance in general, including, without limitation: (a) all matters relating to the stewardship role of the Board in respect of management of the Company; (b) board size and composition, including the candidate selection process and the orientation of new members (see Orientation and Continuing Education above); (c) such procedures as may be necessary to allow the Board to function independently of management; and (d) maintaining the currency and relevancy of the company's corporate governance structures, including its charters, policies, mandates and terms of reference, taking into account changes in the corporate governance landscape.

### ***Nomination of Directors***

The Board views good corporate governance as an integral component to the success of the Company and to meeting responsibilities to the Company's shareholders.

The Governance and Nomination Committee is responsible for identifying new candidates for election to the Board. The Governance and Nomination will prepare a shortlist of potential candidates through discussion with respected financial, legal and commercial institutions and interviews the interested candidates. The key criteria include the following: (i) professional background and related qualifications; (ii) industry experience and relevant professional relationships; (iii) other Board appointments; (iv) professional standing and reputation in the investment and mining communities; (v) membership of industry committees; and (vi) particular technical or financial background depending on the mix of experience on the Board at that time.

### ***Compensation Committee***

The Board has established a Compensation Committee which is comprised of three independent directors: Jim Stypula (Chair), Don Njegovan, and Ken Carter. The Compensation Committee has the primary responsibility of discharging the Board's responsibilities relating to compensation and benefits of the executive officers and directors of the Company.

For the year ended March 31, 2018, please refer to the disclosure in this Information Circular under "Executive Compensation" and "Director Compensation" for disclosure about how compensation of directors and executive officers has been determined.

### ***Health, Safety, Environmental and Technical Committee***

The Board has established a Health, Safety, Environmental and Technical Committee (the “HSE&T”) which is comprised of three independent directors: Rick Zimmer (Chair), Greg Gibson and Bill Bennett. The primary purpose of the HSE&T committee is to provide recommendations to the Board relating to HSE&T practices, policies and policy improvements that comply with applicable laws, regulations and best practice during exploration, development, operations, rehabilitation and closure activities.

### ***Other Board Committees***

At this time the Company has an Audit Committee (see below), Governance and Nomination Committee, Compensation Committee, Disclosure Committee and a Health, Safety, Environmental and Technical Committee.

### ***Assessment***

The Governance and Nomination Committee is responsible for establishing appropriate processes for the regular evaluation of the effectiveness of the Board and its members and its committees and their charters. The Governance and Nomination Committee is also responsible for reviewing on an annual basis: (i) the performance of individual directors, the Board as a whole, and committees of the Board; (ii) the performance evaluation of the CEO, including performance against corporate objectives; and (iii) the range of capabilities represented on the Board as well as those needed for proper board function.

## **MANAGEMENT CONTRACTS**

Management functions of the Company and its subsidiaries are not, to any material degree, performed by anyone other than directors or executive officers of the Company.

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

None of the directors, executive officers, employees or proposed nominees for election as directors of the Company or any of its subsidiaries, nor any former director, executive officer or employee of the Company or any of its subsidiaries or any associate of the foregoing has been indebted for the purchase of securities or otherwise to the Company or any of its subsidiaries at any time during its last completed financial year, or has had any indebtedness to any other entity where such indebtedness is supported by a guarantee, support agreement, letter of credit or other similar arrangement provided by the Company or any of its subsidiaries during the most recently completed financial year.

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

Except as disclosed herein, during the most recently completed financial year, no informed person of the Company, nominee for director or any associate or affiliate of an informed person or nominee had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. An “informed person” means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if, and for so long as, it has purchased, redeemed or otherwise acquired any of its shares. During the fiscal year ended March 31, 2018, the Company paid no fees to non-executive directors or companies controlled by non-executive directors.

## **AUDIT COMMITTEE**

NI 52-110 requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following.

### ***Composition of the Audit Committee***

The Company's audit committee is composed of three directors: Messrs. Njegovan (Chair), Evans, and Bennett. As defined in NI 52-110, all of the audit committee members are "independent" except for Mr. Evans who was formerly the CFO, Secretary and Treasurer of the Company. Messrs. Njegovan and Bennett are independent directors of the Company. Also, as defined in NI 52-110, all of the audit committee members are "financially literate."

### ***Relevant Education and Experience***

Mr. Njegovan, B.Sc. Mining Engineering, BA has over 20 years experience in mining, construction, engineering, management and finance. Mr. Njegovan has been a managing director of several public companies. Mr. Njegovan is currently a director of St. Andrews Goldfields Ltd., Sable Resources Ltd. and Strongbow Exploration Inc.

Mr. Evans is a chartered accountant who has been working with public junior resource companies for the past forty years.

Mr. Bennett, has a law degree and formerly worked in the BC MLA for 16 years. Mr. Bennett has been a professional director with private and public companies since 2017 including Kutcho Copper Corp., Surge Exploration Inc, and Eagle Plains Resources Ltd.

### ***Audit Committee Charter***

The Company has adopted a charter of the audit committee of the Board (the "**Charter**"), which is attached as Schedule "A" to this Information Circular.

### ***Audit Committee Oversight***

During the most recently completed financial year, the Company's Board has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

### ***Reliance on Certain Exemptions***

During the most recently completed financial year, the Company has not relied on the exemptions contained in section 2.4 or under part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

### ***Pre-Approval Policies and Procedures***

The audit committee has adopted specific policies and procedures for the engagement of non-audit services as described in the audit committee Charter set forth at Schedule "A".

### ***External Auditor Service Fees***

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories. The fees billed to the Company by its auditor during the two most recently completed financial years, by category, are as follows:

Fiscal Year Ended	Audit Fees	Audit Related Fees	Tax Fees <sup>(1)</sup>	All Other Fees
March 31, 2018	50,000	-	2,600	-
March 31, 2017	48,000	2,200	4,950	4,564

Notes: <sup>(1)</sup> Tax Fees are related to the preparation of annual tax returns.

### ***Exemption***

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## **OTHER BUSINESS**

The Company will consider and transact such other business as may properly come before the Meeting or any adjournment thereof. As of the date of this Information Circular, management knows of no other matters to be acted upon at this Meeting. 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 judgment of the persons voting by the proxy.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Financial information is provided in the Company’s comparative financial statements and management’s discussion and analysis (“**MD&A**”) for its most recently completed financial year. Shareholders may contact the Company at Suite 1550 – 505 Burrard Street, Vancouver, B.C. V7X 1M5 or by telephone at (778) 725-1060 to request copies of the Company’s financial statements and MD&A.

## **BOARD APPROVAL AND STATEMENT OF DIRECTORS**

This Information Circular contains information as at November 14, 2018, except where another date is specified. The contents of this Information Circular have been approved and its mailing authorized by the Board of the Company.

**DATED:** November 15, 2018

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Derek C. White” (signed)*

\_\_\_\_\_  
Derek C. White  
President & CEO

## **SCHEDULE “A”**

### **ASCOT RESOURCES LTD. (the “Company”)**

#### **AUDIT COMMITTEE CHARTER**

##### **1. General**

The Board of Directors of the Company (the “Board”) has established an Audit Committee (the “Committee”) to assist the Board in fulfilling its oversight responsibilities. The Committee will review and oversee the financial reporting and accounting process of the Company, the system of internal control and management of financial risks, the external audit process, and the Company’s process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the external auditors and monitor the independence of those auditors. To perform his or her role effectively, each Committee member will obtain an understanding of the responsibilities of Committee membership as well as the Company’s business, operations and risks.

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

##### **2. Members**

The Board will in each year appoint a minimum of three (3) directors as members of the Committee. A minimum of two members of the Committee shall be non-management directors and shall be independent within the meaning of all applicable Canadian securities laws and the rules of the TSX Venture Exchange, unless otherwise exempt from such requirements. The Committee Chair will be an independent director.

All members of the Committee shall be able to read and understand fundamental financial statements and must be financially literate within the meaning of all applicable Canadian securities laws or become financially literate within a reasonable period of time following his or her appointment. Additionally, at least one member of the Committee shall be financially sophisticated and shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, which may include being or having been a chief executive officer, chief financial officer, or other senior officer with financial oversight responsibilities.

##### **3. Duties**

The Committee will have the following duties:

- Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.



- Review any legal matters which could significantly impact the financial statements as reported on by the Company's counsel and engage outside independent counsel and other advisors whenever as deemed necessary by the Committee to carry out its duties.
- Review the Company's annual and quarterly financial statements, including Management's Discussion and Analysis with respect thereto, and all annual and interim earnings press releases, prior to public dissemination, including any certification, report, opinion or review rendered by the external auditors and determine whether they are complete and consistent with the information known to Committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").
- Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- Focus on judgmental areas, for example those involving valuation of assets and liabilities and other commitments and contingencies.
- Review audit issues related to the Company's material associated and affiliated companies that may have a significant impact on the Company's equity investment.
- Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- Evaluate the fairness of the interim financial statements and related disclosures including the associated Management's Discussion and Analysis, and obtain explanations from management on whether:
  - actual financial results for the interim period varied significantly from budgeted or projected results;
  - generally accepted accounting principles have been consistently applied;
  - there are any actual or proposed changes in accounting or financial reporting practices; or
  - there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
- Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- Recommend to the Board an external auditor to be nominated for appointment by the Company's shareholders. Subject to the appointment of the Company's external auditor by the Company's shareholders, the Committee will be directly responsible for the appointment, compensation, retention and oversight of the work of external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. The Company's external auditor shall report directly to the Committee.
- Review with the Company's management, on a regular basis, the performance of the external auditors, the terms of the external auditor's engagement, accountability and experience.
- The Committee Chair will pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the external auditor. The decisions of the Committee Chair relating to the pre-approval of non-audit services must be presented to the full Committee at its next scheduled Committee meeting.

- Consider at least annually the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services obtained by the Company, including:
  - insuring receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Company, consistent with the Independence Standards Board Standard No. 1 and related Canadian regulatory body standards;
  - considering and discussing with the independent auditor any relationships or services, including non-audit services, that may impact the objectivity and independence of the independent auditor; and
  - as necessary, taking, or recommending that the Board take, appropriate action to oversee the independence of the independent auditor.
  
- Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure contained in the Company's financial statements, Management's Discussion and Analysis and annual and interim earnings press releases; and must periodically assess the adequacy of those procedures.
  
- Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
  
- Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
  
- Establish a procedure for:
  - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
  - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
  
- Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately in the absence of management.
  
- Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
  
- Ensure that the Board is aware of matters which may significantly impact the financial condition or affairs of the business.
  
- Review and oversee all related party transactions.
  
- Perform other functions as requested by the Board.
  
- If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist, and set the compensation to be paid to such special counsel or other experts.
  
- Review and re-assess annually the adequacy of this Charter and recommend updates to this charter; receive approval of changes from the Board.

- With regard to the Company’s internal control procedures, the Committee is responsible to:
  - review the appropriateness and effectiveness of the Company’s policies and business practices which impact on the financial integrity of the Company, including those related to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management; and
  - review compliance under the Company’s business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate; and
  - review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
- periodically review the Company’s financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- The Committee Chair will participate in shareholder engagement in regards to matters arising in respect to the Committee’s responsibilities.
- Review and approve financial summaries and disclosure made in accordance with the *Extractive Sector Transparency Measures Act*.

#### 4. **Chair**

The Committee will in each year appoint the Chair of the Committee from among the members of the Committee by a majority vote. In the Chair’s absence, or if the position is vacant, the Committee may select another member as Chair. The Chair will not have a casting vote.

#### 5. **Meetings**

The Committee will meet as often as is required to fulfill its responsibilities or at least once every calendar quarter. Special meetings shall be convened as required. Notices calling meetings shall be sent to all members of the Committee, all Board members and the external auditor. The external auditor of the Company must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Committee. At the request of the external auditor, the Committee must convene a meeting of the Committee to consider any matter that the external auditor believes should be brought to the attention of the Board or shareholders of the Company.

The Committee may invite such other persons (e.g. without limitation, the President or Chief Financial Officer) to its meetings, as it deems appropriate. In-camera sessions will be held during, or after, every committee meeting (including special meetings) for which any guests including non-independent directors, shall be asked to leave. The CEO shall not attend in-camera sessions of the Committee unless his/her presence is deemed appropriate for a portion of the in-camera session, after which the CEO will be requested to leave.

#### 6. **Quorum**

A majority of members of the Committee, present in person, by teleconferencing, or by videoconferencing, or by any combination of the foregoing, will constitute a quorum.

#### 7. **Removal and Vacancy**

A member may resign from the Committee, and may also be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a director of the Company. The Board will fill vacancies in the Committee by appointment from among the directors in accordance with Section 2 of this Charter

or as otherwise permissible under Canadian securities laws. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all of the Committee's powers.

#### **8. Authority**

The Committee may:

- engage independent counsel and other advisors as it determines necessary to carry out its duties.
- set and pay the compensation for any advisors employed by the Committee; and
- communicate directly with the internal and external auditors.

The Committee may also, within the scope of its responsibilities, seek any information it requires from any employee and from external parties, to obtain outside legal or professional advice, and to ensure the attendance of Company officers at meetings as appropriate.

#### **9. Secretary and Minutes**

The Chair of the Committee will appoint a member of the Committee or other person to act as Secretary of the Committee for purposes of a meeting of the Committee. The minutes of the Committee meetings shall be in writing and duly entered into the books of the Company, and will be circulated to all members of the Board.

#### **10. Funding**

The Committee shall be provided with appropriate funding, as determined by the Committee, for payment of (a) compensation to any registered public accounting firm engaged for the purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (b) compensation to any advisers employed by the Committee; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carry out its duties.

This Audit Committee Charter was approved by the Board of Directors of Ascot Resources Ltd. on the 14th day of November, 2017.

## SCHEDULE "B"

### STOCK OPTION PLAN

#### PURPOSE OF THE PLAN

The purpose of the Plan is to provide key Employees, Consultants and Directors of the Company and its Subsidiaries with compensation opportunities that will reward the creation of shareholder value over the long-term and enhance the Company's ability to attract, retain and motivate key personnel and reward significant performance achievements.

#### ARTICLE 2 INTERPRETATION

##### 2.1 Definitions

Where used herein, the following terms shall have the following meanings, respectively:

"**Associate**" means, where used to indicate a relationship with any person:

- (a) any relative, including the spouse of that person or a relative of that person's spouse, where the relative has the same home as the person;
- (b) any partner, other than a limited partner, of that person;
- (c) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and
- (d) any corporation of which such person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company.

"**Blackout Period**" means a period during which an Option Holder is to refrain from trading in the Company's securities, including exercising any Options, pursuant to a restriction imposed by the Company on all or any of its Option Holders, Insiders or persons in a "special relationship" (as defined in the Securities Act with the Company);

"**Board**" means the board of directors of the Company;

"**Business Day**" means any day, other than a Saturday or Sunday, on which the principal organized trading facility on which the Shares are listed, which as of the date hereof is the TSXV, is open for trading;

"**Change of Control**" shall have the meaning attributed thereto in Section 9.2;

"**Code**" means the Internal Revenue Code of 1986, as amended;

"**Committee**" shall have the meaning attributed thereto in Section 3.1;

"**Company**" means Ascot Resources Ltd., a company duly incorporated under the laws of British Columbia, and includes any successor corporation thereof;

"**Consultant**" means an individual who:

- (a) is engaged to provide, on an ongoing *bona fide* basis, consulting, technical, management, investor relations or other services to the Company or any Subsidiary other than services provided in relation to a "distribution" (as that term is defined in the Securities Act);

- (b) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined below);
- (c) 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 any Subsidiary; and
- (d) has a working relationship to provide services to the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company,

and includes a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “**Consultant Entity**”).

“**Director**” means any director of the Company or any of its Subsidiaries;

“**Disability**” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than twelve months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability;

“**Eligible Person**” means any Director, Employee or Consultant;

“**Employee**” means:

- (a) an individual who is considered an employee of the Company or any Subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source); or
- (b) an individual who works full-time or part-time for the Company or any Subsidiary and such other individuals as may, from time to time, be permitted by Regulatory Rules to be granted Options as employees or as an equivalent thereto; or
- (c) an individual who works for the Company or any Subsidiary either full-time or 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 or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source,

and includes a corporation wholly-owned by such individual;

“**Exercise Period**” means the period of time during which an Option granted under this Plan may be exercised;

“**Exchange**” means either the TSX or the TSVX, as applicable;

“**Grant Date**” means, for any Option, the date specified by the Committee at the time it grants the Option (which cannot be earlier than the date on which the Option was granted) or, if no such date is specified, the date on which the Option was granted;

“**Insider**” means:

- (a) an “insider” as that term is defined in the Securities Act; and
- (b) an Associate of any person who is an Insider by virtue of paragraph (a) above;

“**Investor Relations Activities**” means any activities or oral or written communications, by which or on behalf of the Company or a shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:

- (c) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company:
  - (i) to promote the sale of products or services of the Company; or
  - (ii) to raise public awareness about the Company;that cannot reasonably be considered to promote the purchase or sale of securities of the Company;
- (d) activities or communications necessary to comply with the requirements of:
  - (i) applicable securities laws; and
  - (ii) exchange requirements or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Company;
- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it; if:
  - (i) the communication is only through the newspaper, magazine or publication; and
  - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (d) activities or communications that may be otherwise specified by an Exchange.

“**ISO**” or an Incentive Stock Option means an Option granted to a U.S. Option Holder in accordance with the terms of Section 422 of the U.S. Internal Revenue Code of 1986, as amended;

“**Market Price**” in respect of Shares means:

- (a) if the Shares are listed on one organized trading facility, the last closing trading price of the Shares immediately preceding the grant of the Option;
- (b) if the Shares are listed on more than one organized trading facility, the Market Price as determined in accordance with paragraph (a) above for the primary organized trading facility on which the Shares are listed, as determined by the Committee, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (c) if the Shares did not trade on the Business Day prior to the Grant Date, the average of the bid and ask prices in respect of such Shares at the close of trading on such date on the primary organized trading facility on which the Shares are listed; and
- (d) if the Shares are not listed for trading on a stock exchange or over the counter market, a price which is determined by the Committee to be the fair value of the Shares, taking into consideration all factors that the Committee deems appropriate, including recent sale and offer prices of the Shares in private transactions negotiated at arms’ length, provided that the Market Price shall in no event be less than the minimum prescribed by each of the organized trading facilities that would apply to the Company on the Grant Date in question;

“**NSO**” or a Non-Qualified Stock Option means an Option that does not meet the requirements of Code Section 422 and is not an ISO;

“**Option**” means an option to purchase Shares granted under the Plan;

“**Option Document**” means an agreement, certificate or other type of form of document or documentation approved by the Committee which sets forth the terms and conditions of an Option; such document or documentation may be in written, electronic or other media, may be limited to a notation on the books and records of the Company and, unless the Committee requires otherwise, need not be signed by a representative of the Company or the Option Holder;

“**Option Holder**” means a person to whom an Option has been granted;

“**Option Price**” means the price per share at which Shares may be purchased under any Option, as the same may be adjusted from time to time in accordance with Section 9.1;

“**Parent**” means a corporation that owns 50% or more of the total combined voting power of all classes of stock of the Company;

“**Plan**” means this stock option plan, as the same may be amended or varied from time to time;

“**Regulatory Approvals**” means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder;

“**Regulatory Authorities**” means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder;

“**Regulatory Rules**” means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including those of the applicable Regulatory Authorities;

“**Securities Act**” means the *Securities Act* (British Columbia), RSBC 1996, c.418, as from time to time amended;

“**Share Compensation Arrangement**” means any stock option, stock option plan, employee stock purchase plan, share unit plan, deferred share unit plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to one or more Eligible Persons;

“**Shares**” means the common shares of the Company or, in the event of an adjustment contemplated by Section 9.1, such other shares or securities to which an Option Holder may be entitled upon the exercise of an Option as a result of such adjustment;

“**Subsidiary**” means any body corporate which is a “subsidiary” as such term is defined in the Securities Act, as the same may be amended from time to time;

“**Termination Date**” means:

- (a) in the case of any Option Holder that is an Employee whose employment or term of office with the Company or a Subsidiary terminates in the circumstances set out in Section 7.2 or 7.3, the date that is designated by the Company or the Subsidiary in an oral or written notice of termination, as the case may be, as the last day of the Option Holder’s employment or term of office with the Company or Subsidiary or, in the case of voluntary resignation, the effective date of resignation; provided that “Termination Date” specifically does not mean the date of expiry of any period in respect of which the Company or the Subsidiary, as the case may be, may elect or be required by law to provide pay in lieu of notice to the Option Holder; and



- (b) in the case of a Consultant whose consulting agreement or arrangement with the Company or a Subsidiary, as the case may be, terminates in the circumstances set out in Section 7.4 or 7.5, the date that is designated by the Company or the Subsidiary as the date on which the Option Holder's consulting agreement or arrangement is terminated; provided that "Termination Date" specifically does not mean the date of expiry of any period of notice of termination that the Company or the Subsidiary may be required to provide to the Option Holder under the terms of the consulting agreement or for which the Company or the Subsidiary has elected to provide compensation in lieu of notice;

"TSXV" means The TSX Venture Exchange; and

"TSX" means the Toronto Stock Exchange.

### **Construction**

In this Plan, unless otherwise expressly stated or the context otherwise requires:

- (a) the division of this Plan into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan;
- (b) the terms, "this Plan", "herein", "hereby", "hereof" and "hereunder" and similar expressions refer to this Plan and not to any particular article, section or other portion hereof;
- (c) references to Articles and Sections are to the specified articles and sections of this Plan;
- (d) words importing the singular include the plural and *vice versa* and words importing any gender shall include the masculine, feminine and neutral genders;
- (e) the words "includes" and "including", when following any general term or statement, are not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;
- (f) where the Board has revoked any of the powers conferred on the Committee under this Plan as permitted by Section 3.2, any reference to the Committee shall, where necessary, be deemed to refer to the Board and/or such committee of the Board to which all or any of the powers of the Board have been delegated;
- (g) whenever the Committee is to exercise discretion in the administration of the terms and conditions of this Plan, the term "discretion" means the sole and absolute discretion of the Committee or, if such discretion has been revoked by the Board pursuant to Section 3.2, the Board or such other committee as determined by the Board; and
- (h) unless otherwise specified, all references to money amounts are to Canadian currency.

## **ARTICLE 3 ADMINISTRATION OF THE PLAN**

### **3.1 Administration**

Subject to Section 3.2, this Plan will be administered by the compensation committee of the Board (the "Committee") and the Committee has sole and complete authority, in its discretion, to:

- (a) determine the persons (from among the Eligible Persons) to whom Options may be granted;

- (b) grant Options in such amounts and, subject to the provisions of this Plan, on such terms and conditions as it determines including:
  - (i) the time or times at which Options may be granted;
  - (ii) the Option Price;
  - (iii) the time or times when each Option becomes exercisable and the duration of the Exercise Period;
  - (iv) any additional performance-related or other requirements for the exercise of Options;
  - (v) whether restrictions or limitations are to be imposed on the Shares and the nature of such restrictions or limitations, if any; and
  - (vi) any acceleration of exercisability or waiver of termination regarding any Option, based on such factors as the Committee may determine;
- (c) to determine the nature and extent of any adjustment(s) to be made to Options pursuant to Section 9.1;
- (d) interpret this Plan and adopt, amend and rescind administrative guidelines and other rules and regulations relating to this Plan; and
- (e) make all other determinations and take all other actions necessary or advisable for the implementation and administration of this Plan.

The Committee's determinations and actions within its authority under this Plan are conclusive and binding on the Company and all other persons. The day-to-day administration of this Plan may be delegated to such officers, Employees and agents of the Company or its Subsidiaries as the Committee determines. The Committee may also appoint or engage a trustee, custodian or administrator to administer or implement this Plan.

### **3.2 Authority of the Board**

The Board may revoke the Committee's authority hereunder at any time in the Board's sole and absolute discretion and, in such event, the Board may exercise the powers, and/or delegate to such other committee of the Board as the Board considers appropriate, all or any of the powers, conferred on the Committee under this Plan. In such event, the Board and/or the committee to which the Board has delegated such powers, will exercise the powers conferred on the Committee under this Plan. Any decision made or action taken by the Board and/or any committee to which the Board has delegated its powers hereunder arising out of or in connection with the administration or interpretation of this Plan in this context will be final and conclusive.

## **ARTICLE 4 SHARES SUBJECT TO THE PLAN**

### **4.1 Total Number of Shares**

Subject to adjustment as provided for in Section 9.1 hereof, the maximum number of Shares that may be issued or issuable under the Plan shall be a number equal to 10% of the number of issued and outstanding Shares on a non-diluted basis at any time.

#### **4.2 Fractional Shares**

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

### **ARTICLE 5 ELIGIBILITY, GRANT AND TERMS OF OPTIONS**

#### **5.1 Eligible Persons**

Subject to the provisions of the Plan, Options may only be granted to Eligible Persons.

#### **5.2 General**

Subject to the other provisions of this Article 5, the Committee shall determine the number of Shares subject to each Option, the Option Price, the expiry date, the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option; provided, however, that if no specific determination is made by the Committee with respect to the expiry date, the period during which an Option shall be exercisable shall be five years from the date the Option is granted to the Option Holder.

#### **5.3 Option Price**

The Option Price shall in no circumstances be lower than the Market Price of the Shares.

#### **5.4 Term of Option**

Subject only to Section 5.5, in no event may the term of an Option exceed five years from the Grant Date.

#### **5.5 Extension of Term for Options Expiring During Blackout Periods**

Notwithstanding anything else contained herein, if the term of an Option held by an Option Holder expires during a Blackout Period, then the term of such Option or the unexercised portion thereof, as applicable, shall be extended to the close of business on the tenth Business Day following the end of the Blackout Period.

#### **5.6 Exercise Period**

Options will vest and be exercisable in the manner determined by the Committee and specified in the applicable Option Document. Subject to Section 9.2, once an Option becomes exercisable, it remains exercisable until expiration or termination of the Option, unless otherwise specified by the Committee in connection with the grant of such Option or at the time of an accelerated vesting. Each Option may be exercised at any time or from time to time, in whole or in part, for up to the total number of Shares with respect to which it is then exercisable. Notwithstanding anything else contained herein, Options may not be exercised during a Blackout Period unless the Committee determines otherwise.

The Committee may elect, at any time, to accelerate the vesting schedule of one or more Options and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under Section 10.2 of this Plan.

#### **5.7 No Repricing**

Subject to Section 9.1, in no event may outstanding Options granted under this Plan be repriced.

## 5.8 *Additional Limits*

- (a) Notwithstanding any other provision of this Plan or any agreement relating to Options, no Options shall be granted under this Plan if, together with any other Share Compensation Arrangement established or maintained by the Company, such grant of Options could result, at any time, in the aggregate number of Shares (i) issued to Insiders, within any one-year period and (ii) issuable to Insiders, at any time, exceeding 10% of the issued and outstanding Shares on a non-diluted basis.
- (b) The equity award value (based on grant date fair value) of any grant of Options to non-Employee Directors under the Plan shall not exceed \$100,000 to each non-Employee Director per year.
- (c) Notwithstanding any other provision of this Plan, if required under the rules and policies of the Exchange at that time, the number of grants which may be issuable under the Plan within any one-year period:
  - (i) to any one Eligible Person, shall be no more than 5% of the issued and outstanding share capital of the Company, with the exception of a Consultant, who may not receive grants of more than 2% of the issued and outstanding share capital of the Company; and
  - (ii) to all Eligible Persons employed to conduct Investor Relations Activities, shall be no more than an aggregate of 2% of the number of issued and outstanding Shares at any one time, with Options vesting in stages and no more than one quarter (1/4) of Options vesting in any three month period.

## 5.9 *Option Documents*

All grants of Options will be evidenced by Option Documents. Such Option Documents will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions that the Committee may direct. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms of this Plan. **In the event of conflict between the terms of an Option Document and the terms of this Plan, the terms of this Plan shall prevail and the Option Document shall be deemed to have been amended accordingly.**

## 5.10 *ISOs*

ISOs shall be granted only to an individual who is an Employee of the Company or a Subsidiary or related company and shall be subject to the following special limitations required by Section 422 of the Code, and any contrary provisions of this Plan shall be disregarded:

- (a) Maximum Number of Shares for ISOs. Notwithstanding any other provision of this Plan to the contrary, the aggregate number of Shares available for ISOs is 700,000 subject to adjustment pursuant to Section 9.1 of this Plan and subject to the provisions of Sections 422 and 424 of the Code.
- (b) Limitation on Amount of Grants. As to all ISOs granted under the terms of this Plan, to the extent that the aggregate fair market value of the Shares (determined at the time the ISO is granted) with respect to which ISOs are exercisable for the first time by the Option Holder during any calendar year (under this Plan and all other ISO plans of the Company, a related corporation or a predecessor corporation) exceeds US\$100,000, such options shall be treated as NSOs. The previous sentence shall not apply if the Internal Revenue Service issues a public rule, issues a private ruling to the Company, any Option Holder or any legatee, personal representative or distributee of an Option Holder or issues regulations changing or eliminating such annual limit. No such limitation shall apply to NSOs.

- (c) Grants to Ten Percent Shareholders. ISOs may be granted to a person owning more than 10% of the total combined voting power of all classes of shares of the Company and any Parent or Subsidiary only if (i) the exercise price is at least 110% of the fair market value (determined in accordance with section 422 of the Code) of the stock at the time of grant, and (ii) the option is not exercisable after the expiration of five years from the date of grant.
- (d) Notice of Disposition. The Committee may require an Option Holder to give the Company prompt notice of any disposition of Shares acquired by exercise of an ISO prior to the expiration of two years after the date of the grant of the option and one year from the date of exercise. In such case, the Option Holder will be treated for U.S. income tax purposes as having received ordinary income at the time of such disposition in an amount generally measured by the difference between the price paid for the Shares and the lesser of the fair market value of the Shares at the date of the exercise or the amount realized on disposition of the shares.
- (e) Shareholder Approval. No Options granted under this Plan will be considered ISOs unless this Plan has been approved by the shareholders of the Company within twelve months before or after the date such Plan has been adopted by the Committee.

### **5.11 One-Time Grants**

Notwithstanding any other provision hereunder, at the discretion of the Board, non-Employee directors may receive a grant of Options under the Plan upon such non-Employee Director's first election or appointment to the Board provided that the equity award value (based on grant date fair value) in connection with such grant of Options may not have an equity award value in excess of \$150,000.

## **ARTICLE 6 TRANSFERABILITY**

### **6.1 Transferability**

An Option is personal to the Option Holder and is non-assignable and non-transferable. No Option granted hereunder shall be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of by the Option Holder, whether voluntarily or by operation of law, otherwise than by testate succession, will or the laws of descent and distribution, and any attempt to do so will cause such Option to terminate and be null and void. During the lifetime of the Option Holder, an Option shall be exercisable only by the Option Holder and, upon the death of an Option Holder, the person to whom the rights shall have passed by testate succession or by the laws of descent and distribution may exercise any Option in accordance with the provisions of Section 7.2(b) or 7.4(b), as applicable.

## **ARTICLE 7 TERMINATION OF EMPLOYMENT OR SERVICES; DEATH AND DISABILITY**

### **7.1 General**

An Option, and all rights to purchase Shares pursuant thereto, granted to an Eligible Person shall expire and terminate immediately upon the Option Holder ceasing to be an Eligible Person, other than in the circumstances referred to in Sections 7.2, 7.3 and 7.4.

### **7.2 Termination of Employment or Term of Office**

If, before the expiry of an Option in accordance with its terms, the employment or term of office of an Option Holder that is an Employee terminates for any reason whatsoever other than termination by the Company or the Subsidiary for cause (for this purpose, as determined by the Committee in its discretion), but including (i) the termination by the Company or Subsidiary without cause; or (ii) the voluntary resignation by the Option Holder; or (iii) the termination of employment or term of office by reason of the death or Disability of the Option Holder, the

Options held by such former Employee that are exercisable at the Termination Date continue to be exercisable by the Option Holder as follows:

- (a) if the Option Holder is alive, at any time during the 90-day period immediately following the Termination Date, but in no event beyond the expiration date of such Options and only to the extent that such Options were vested and exercisable as of the Termination Date; or
- (b) if the Option Holder is deceased, by the legal representative(s) of the estate of the Option Holder at any time during the twelve-month period immediately following the date of death, but in no event beyond the expiration date of such Option and only to the extent that such Options were vested and exercisable as of the date of death; or
- (c) if the Option Holder's employment or term of office ceases as a result of the Disability of such Option Holder, by the Option Holder or his or her legal representative(s) at any time during the twelve-month period immediately following the Termination Date, but in no event beyond the expiration date of such Option and only to the extent that such Options were vested and exercisable as of the date of determination of Disability.

Notwithstanding the foregoing, the Committee shall have the discretion to extend any of the periods set forth at (a) through (c) above; provided, however, that in the case of an ISO, any such extension shall be subject to the limitations of Section 422 of the Code. Unless otherwise determined by the Committee in its discretion, any Options held by the Option Holder that are not exercisable at the Termination Date immediately expire and are cancelled on the Termination Date.

### ***7.3 Termination of Employment or Term of Office for Cause***

Where, in the case of an Option Holder that is an Employee, an Option Holder's employment or term of office is terminated by the Company or any Subsidiary for cause (for this purpose, as determined by the Committee in its discretion), then any Options held by the Option Holder, whether or not exercisable at the Termination Date, shall immediately expire and be cancelled on such Termination Date, unless otherwise determined by the Committee in its discretion.

### ***7.4 Termination of Consulting Services***

If, before the expiry of any Option in accordance with the terms hereof, a Consultant's agreement or arrangement terminates by reason of: (i) termination by the Company or any of its Subsidiaries for any reason whatsoever other than for breach or default of the consulting agreement or arrangement (whether or not such termination is effected in compliance with any termination provisions contained in the Consultant's consulting agreement or arrangement); or (ii) voluntary termination by the Consultant in accordance with the terms of the consulting agreement or arrangement; or (iii) the death or permanent disability of the Consultant, the Options held by the Consultant that are exercisable at the Termination Date continue to be exercisable by the Consultant as follows:

- (a) if the Consultant is alive, by the Consultant at any time during the 90-day period immediately following the Termination Date, but in no event beyond the expiration date of such Option and only to the extent such Options were vested and exercisable as of the Termination Date; or
- (b) if the Consultant is deceased, by the legal representative(s) of the estate of the Consultant Option Holder at any time during the twelve-month period immediately following the date of death, but in no event beyond the expiration date of such Option and only to the extent that such Options were vested and exercisable as of the date of death; or
- (c) if the Consultant's agreement terminates or arrangement ceases as a result of the Disability of such Consultant, by the Consultant or his or her legal representative(s) at any time during the twelve-month period immediately following the Termination Date, but in no event beyond the expiration

date of such Option and only to the extent that such Options were vested and exercisable as of the date of determination of Disability.

Notwithstanding the foregoing, the Committee shall have the discretion to extend any of the periods set forth at (a) through (c) above, unless prohibited by the rules and policies of the Exchange at that time. Unless otherwise determined by the Committee in its discretion, any Options held by the Consultant that are not exercisable at the Termination Date immediately expire and are cancelled on the Termination Date.

#### **7.5 Termination of Consulting for Cause**

Where, in the case of a Consultant Option Holder, the Option Holder's consulting agreement or arrangement is terminated by the Company or any of its Subsidiaries for breach of the consulting agreement or arrangement (whether or not such termination is effected in compliance with any termination provisions contained in the Consultant Option Holder's consulting agreement or arrangement and as determined by the Committee in its discretion), then any Options held by the Consultant Option Holder, whether or not exercisable at the Termination Date, immediately expire and are cancelled on such Termination Date, unless otherwise determined by the Committee in its discretion.

#### **7.6 Change of Employment or Services**

Options shall not be affected by any change of employment or consulting arrangement within or among the Company or any one or more Subsidiaries or by an Option Holder ceasing to be an Employee or Consultant for so long as the Option Holder continues to be an Employee or Consultant; provided, however, that subject to Section 422 of the Code, such change may affect ISOs granted hereunder.

#### **7.7 Deemed Non-Interruption of Engagement**

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other *bona fide* leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

## **ARTICLE 8 EXERCISE OF OPTIONS**

#### **8.1 Exercise of Options**

Subject to the provisions of the Plan and the provisions of the applicable Option Document, an Option that has vested and become exercisable in accordance with its terms may be exercised from time to time by delivery to the Company or its agent, as the Company may direct, of a written notice of exercise addressed to the Secretary of the Company specifying the number of Shares with respect to which the Option is being exercised and accompanied by payment in full of the Option Price for the Shares then being purchased. Payment shall be made by certified cheque or by such other means as is acceptable to the Chief Executive Officer or the Chief Financial Officer of the Company. Upon actual receipt by the Company of such notice and of a certified cheque for, or other acceptable payment of, the aggregate Option Price, the number of Shares in respect of which the Option is exercised will within a reasonable period of time be duly issued as fully paid and non-assessable and the Option Holder exercising the Option, or such nominee as the Option Holder shall direct, shall be registered on the books of the Company as the holder of the number of Shares so issued.

#### **8.2 Cashless Exercise**

Unless the Company's Shares are listed on the TSXV, in lieu of paying the aggregate Option Price to purchase Shares as set forth in Section 8.1, the Committee may, in its sole and absolute discretion, permit an Option Holder to elect to receive, without payment of cash or other consideration except as required by Section 8.5, upon surrender of

the applicable portion of a then vested and exercisable Option to the Company, that number of Shares, disregarding fractions, equal to the number obtained by dividing (a) the difference between the Market Price of one Share determined as of the date of delivery of the notice of exercise referred to in Section 8.1 and the Option Price, multiplied by the number of Shares in respect of which the Option would otherwise be exercised with payment of the aggregate Option Price, by (b) the Market Price of one Share determined as of the date of delivery of the notice of exercise referred to in Section 8.1 (a “**Cashless Exercise**”). For greater certainty, a Cashless Exercise will not be permitted while the Company’s Shares are listed on the TSXV.

### **8.3     *Regulatory Approval***

Notwithstanding any of the provisions contained in the Plan or in any Option Document, the Company’s obligation to issue Shares to an Option Holder or the legal representatives of its estate, as applicable, pursuant to the exercise of an Option shall be subject to:

- (a) completion of such registration or other qualifications of such Shares or obtaining approval of such Regulatory Authority as the Company shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed; and
- (c) the receipt from the Option Holder or the legal representatives of its estate, as applicable, of such representations, agreements and undertakings as to future dealings in such Shares as the Company determines to be necessary or advisable in order to safeguard against the violation of any Regulatory Rule.

In connection with the foregoing, the Company shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for issuance of such Shares in compliance with any Regulatory Rules and for the listing of such Shares on any stock exchange on which the Shares are then listed.

### **8.4     *Unvested Options***

Except as expressly provided herein, no unvested Options may be exercised.

### **8.5     *Taxes***

Upon the exercise of an Option, the Option Holder shall make arrangements satisfactory to the Company regarding payment of any federal, state, provincial, local or other taxes of any kind required by law to be paid in connection with the exercise of the Option. In addition, as a condition of and prior to participation in the Plan, each Option Holder authorizes the Company to withhold from any amount otherwise payable to him or her any amounts required by any taxing authority to be withheld for taxes of any kind as a consequence of his or her participation in the Plan. The Company shall also have the right in its sole discretion to satisfy any such liability for withholding or other required deduction amounts by requiring the Option Holder to complete a sale to a third party in respect of such number of Shares, which have been issued and would otherwise be delivered to the Option Holder under the Plan, and any amount payable from such sale will first be paid to the Company to satisfy any liability for withholding. The Company may require an Option Holder, as a condition of participation in the Plan, to pay or reimburse the Company for any cost incurred by the Company as a result of the participation by the Option Holder in the Plan.



## **ARTICLE 9 ADJUSTMENTS**

### **9.1     *Adjustments***

Subject to any necessary Regulatory Approvals, appropriate adjustments in the number of Shares subject to this Plan, and as regards Options granted or to be granted, in the number of Shares which are subject to Options and in the Option Price, shall be made by the Committee in its discretion to give effect to adjustments in the number of Shares resulting from any subdivision, consolidation, reorganization or reclassification of the Shares, the payment of any stock dividend by the Company (other than dividends in the ordinary course) or other relevant changes in the capital stock of the Company. The Committee's determination of such adjustments shall be final, binding and conclusive for all purposes.

### **9.2     *Change of Control***

Notwithstanding anything else contained in this Plan: (i) if the Company proposes to enter into a statutory arrangement, amalgamate, merge or consolidate with any other corporation (otherwise than pursuant to an internal corporate reorganization that would not affect control of the Company) or to liquidate, dissolve or wind-up, or in connection with any proposed sale or conveyance of all or substantially all of the property or assets of the Company or any proposed offer to acquire all of the outstanding Shares or any other proposed transaction involving the Company; or (ii) at least 50% of the directors constituting the Board cease to be directors as a result of, in connection with or pursuant to an actual or threatened contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies by or on behalf of a person or persons, other than a solicitation that was approved by directors constituting a majority of the Board, (in each case, a "**Change of Control**"), the Committee may, in its discretion, permit and authorize the accelerated vesting and early exercise of all or any portion of the then outstanding Options in connection with the completion of such Change of Control. Whether or not the Committee determines to accelerate the vesting of any Options, the Company shall give written notice of any proposed Change of Control to each Option Holder. Upon the giving of any such notice, Option Holders shall be entitled to exercise, at any time within the 14-day period following the giving of such notice and conditionally upon completion of the Change of Control, all or a portion of those Options granted to such Option Holders which are then vested and exercisable in accordance with their terms, as well as any unvested Options which the Committee has determined shall be immediately vested and exercisable in connection with the completion of such Change of Control (subject to the extension of such 14-day period as the Committee may determine in its sole discretion, not to exceed the expiration of the Option). Unless the Committee determines otherwise (in its discretion), upon the expiration of the notice period referred to above, all rights of the Option Holders to exercise any outstanding Options, whether vested or unvested, shall terminate and all such Options shall immediately expire and cease to have any further force or effect, subject to the completion of the relevant Change of Control.

## **ARTICLE 10 APPROVALS AND AMENDMENT**

### **10.1    *Shareholder Approval of Plan***

This Plan is subject to the approval of a majority of the votes cast at a meeting of the shareholders of the Company. Any Options granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

### **10.2    *Amendment of Option or Plan***

Subject to any required Regulatory Approvals and Section 10.3, the Committee may from time to time amend any existing Option or the Plan or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would, in the discretion of the Committee:

- (a) materially decrease the rights or benefits accruing to an Option Holder; or

- (b) materially increase the obligations of an Option Holder,

then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment.

### **10.3 Amendments by Committee and Amendments Requiring Shareholder Approval**

- (a) Subject to Section 10.2, the Committee may amend, suspend, discontinue or terminate the Plan and any outstanding Option granted hereunder, in whole or in part, at any time without notice to or approval by the shareholders of the Company, for any purpose whatsoever, including without limitation, the following:
  - (i) ensuring continuing compliance with any Regulatory Rule;
  - (ii) amendments of a “housekeeping” nature, which include amendments to eliminate any ambiguity or correct or supplement any provision contained herein which may be incorrect or incompatible with any other provision hereof;
  - (iii) a change to provisions on transferability of Options for normal estate settlement purposes;
  - (iv) a change in the process by which an Option Holder who wishes to exercise his or her Option can do so, including the required form of payment for the Shares being purchased, the form of exercise notice and the place where such payments and notices must be delivered;
  - (v) changing the vesting and exercise provisions of the Plan or any Option in a manner which does not entail an extension beyond the originally scheduled expiry date for any applicable Option, including to provide for accelerated vesting and early exercise of any Options deemed necessary or advisable in the Committee’s discretion;
  - (vi) changing the termination provisions of the Plan or any Option which does not entail an extension beyond the originally scheduled expiry date for that Option;
  - (vii) adding a Cashless Exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying Shares from the Plan reserve, if a Cashless Exercise is permitted under the policies or rules of the Exchange at that time; and
  - (viii) adding a conditional exercise feature which would give the Option Holders the ability to conditionally exercise in certain circumstances determined by the Committee, at its discretion, at any time up to a date determined by the Committee, at its discretion, all or a portion of those Options granted to such Option Holders which are then vested and exercisable in accordance with their terms, as well as any unvested Options which the Committee has determined shall be immediately vested and exercisable in such circumstances.
- (b) Notwithstanding anything contained herein to the contrary, no amendment to the Plan requiring the approval of the shareholders of the Company under any applicable securities laws or Exchange requirements shall become effective until such approval is obtained. Without limitation to the foregoing the approval of the holders of a majority of the Shares present and voting in person or by proxy at a meeting of shareholders shall be required for the following matters, to the extent required by Regulatory Rules:
  - (i) any amendment to the provisions of this Section 10.3 which is not an amendment within the nature of Section 10.3(a)(i) or Section 10.3(a)(ii);

- (ii) any increase in the maximum percentage of Shares issuable by the Company under the Plan (other than pursuant to Section 9.1);
- (iii) any reduction in the Option Price (other than pursuant to Section 9.1), where disinterested shareholder approval will be obtained for any reduction in the exercise price if the Option Holder is an Insider, or any extension of the term of an Option beyond the original Exercise Period;
- (iv) any amendments to Section 5.7 to permit the repricing of Options;
- (v) the cancellation and reissue of any Option;
- (vi) any amendment to remove or exceed the limitations prescribed by Section 5.8 of the Plan;
- (vii) any amendment to the provisions of the Plan that would permit Options to be transferred or assigned other than for normal estate settlement purposes,
- (viii) if required under the rules or policies of the Exchange at that time, any amendment to the persons eligible to be granted Options under the Plan;
- (ix) if required under the rules or policies of the Exchange at that time, any amendment to the method for determining the Option Price; and
- (x) if required under the rules or policies of the Exchange at that time, any amendment to the expiration and termination provisions applicable to Options;

provided that, in the case of an amendment referred to in Sections 10.3(b)(iii) and 10.3(b)(v) insiders of the Company who benefit from such amendment are not eligible to vote their Shares in respect of the approval.

- (c) For the purposes of this Section 10.3, an amendment does not include an accelerated expiry of an Option by reason of the fact that an Option Holder ceases to be an Employee or Consultant.

## **ARTICLE 11 MISCELLANEOUS PROVISIONS**

### ***11.1 No Shareholder Rights***

An Option Holder shall not have, and nothing in this Plan or any Option shall confer on any Option Holder, any of the rights and privileges of a shareholder, a potential shareholder, or a stakeholder of the Company, whether under common law, equitable principles, statutory provisions or otherwise, unless and until such Option has been exercised in accordance with the terms of this Plan (including tendering payment in full of the aggregate Option Price for the Shares in respect of which the Option is being exercised) and the Company has issued such Shares to the Option Holder.

### ***11.2 No Additional Rights Offered***

Participation in this Plan is entirely voluntary and not obligatory and nothing in this Plan or any Option shall confer on any Option Holder that is an Employee any right to continue in the employ of the Company or any of its Subsidiaries or affect in any way the right of the Company or any such Subsidiary to terminate his or her employment at any time; nor shall anything in this Plan or any Option Document be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Company or any of its Subsidiaries to extend the employment of any Option Holder beyond the time which he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Company or any of its Subsidiaries or any present or future retirement policy of the

Company or any of its Subsidiaries, or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Company or any of its Subsidiaries.

Nothing in this Plan or any Option shall confer on any Consultant any right to continue to provide services to the Company or any of its Subsidiaries or affect in any way the right of the Company or any of its Subsidiaries to terminate at any time any agreement or contract with such Consultant; nor shall anything in this Plan or any Option be deemed to be or construed as an agreement, or an expression of intent, on the part of the Company or the Subsidiary to extend the time for the provision of services beyond the time specified in the contract with the Company or such Subsidiary.

### ***11.3 Governing Law***

This Plan and all Option Documents entered into pursuant to this Plan shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable in that province.

Approved by the Board on November 15, 2018

**SCHEDULE "C"**  
**REPORTING PACKAGE**

SCHEDULE C-1



**Ascot Resources Ltd. (the "Issuer" or "Company")  
Change of Auditor Notice  
Pursuant to National Instrument 51-102, Section 4.11**

**TO: British Columbia Securities Commission  
Alberta Securities Commission**

**AND TO: BDO Canada LLP**

**AND TO: PricewaterhouseCoopers LLP**

**Ascot Resources Ltd.** hereby provides notice pursuant to section 4.11 of National Instrument 51-102 of the following:

**I. Former auditor**

- a. On August 25, 2018, the Company's Board of Directors, determined it was in the Company's best interest to change auditors and on August 27, 2018, BDO Canada LLP was requested by the Issuer to resign as auditor of Ascot Resources Ltd.
- b. The Issuer's Audit Committee and Board of Directors participated in and approved the decision to change the auditor.
- c. The auditor's reports of BDO Canada LLP on the financial statements of Ascot Resources Ltd. for the years ended March 31, 2018 and 2017 did not contain any modifications as to departures from International Financial Reporting Standards or limitation in the scope of the audit.
- d. In connection with the audits for the years ended March 31, 2018 and 2017 and through to August 27, 2018, there have been no reportable events, as defined in National Instrument 51-102.

**II. Successor auditor**

The Issuer appointed PricewaterhouseCoopers LLP as its new auditor as of August 27, 2018. The Audit Committee and the Board of Directors approved the appointment.

**Dated** at Vancouver, British Columbia, this 27 day of August 2018.

**Ascot Resources Ltd.**

By: (signed) "Carol Li"

Title: Chief Financial Officer

**SCHEDULE C-2**



Tel: 604 688 5421  
Fax: 604 688 5132  
[www.bdo.ca](http://www.bdo.ca)

BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

August 27, 2018

British Columbia Securities Commission  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, BC V7Y 1L2

Alberta Securities Commission  
Suite 600, 250-5th Street SW  
Calgary, AB T2P 0R4

Dear Sirs:

**Re: Ascot Resources Ltd. (the "Company")**

We have read the statements made by the Company in the Change of Auditor Notice dated August 27, 2018, which we understand will be filed pursuant to Section 4.11 of the National Instrument 51-102. We agree with the statements in the Change of Auditor Notice dated August 27, 2018.

Throughout the period that BDO Canada LLP ("BDO") was the Company's auditor, there have been no reservations in our reports or any "reportable events" as that term is defined in Section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations*. The resignation of BDO has not occurred because of any reportable disagreement or unresolved issue involving the Company, or any consultation with the successor auditor, PricewaterhouseCoopers LLP.

Yours very truly,

(signed) "BDO CANADA LLP"

Chartered Professional Accountants



SCHEDULE C-3

August 31, 2018

To: British Columbia Securities Commission  
Alberta Securities Commission

We have read the statements made by Ascot Resources Ltd. in the attached copy of change of auditor notice dated August 27, 2018, which we understand will be filed pursuant to Section 4.11 of National Instrument 51-102.

We agree with the statements concerning PricewaterhouseCoopers LLP in the change of auditor notice dated August 27, 2018.

Yours very truly,

/s/ PricewaterhouseCoopers LLP

**Chartered Professional Accountants**

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*PricewaterhouseCoopers LLP  
PricewaterhouseCoopers Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7  
T: +1 604 806 7000, F: +1 604 806 7806, [www.pwc.com/ca](http://www.pwc.com/ca)*

\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.