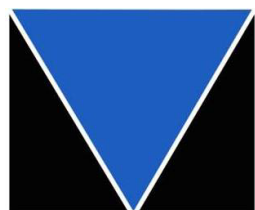


**2019**

# **Notice and Management Information Circular**

For the Annual and Special Meeting  
of Shareholders to be held on  
Wednesday, May 22, 2019



**Morien**  
**Resources Corp.**

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## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

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DATE:

Wednesday, May 22, 2019

NOTICE IS HEREBY GIVEN THAT:

The annual and special meeting ("**Meeting**") of the shareholders ("**Shareholders**") of Morien Resources Corp. ("**Corporation**") will be held at the offices of McInnes Cooper, Suite 1300-1969 Upper Water Street, Halifax, Nova Scotia, on **Wednesday, May 22<sup>nd</sup>, 2019 at 2:00 p.m. (Atlantic Time)** for the following purposes:

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TIME:

2:00 pm Atlantic Time

- (a) to receive the financial statements of the Corporation for the year ended December 31, 2018, together with the report of the auditor thereon. No vote by Shareholders with respect thereon is required or proposed to be taken;
- (b) to elect directors of the Corporation for the forthcoming year;
- (c) to appoint the auditor of the Corporation for the forthcoming year and to authorize the directors to fix the auditor's remuneration;
- (d) to ratify, confirm and approve the Corporation's incentive stock option plan;
- (e) to consider and, if thought advisable, pass an ordinary resolution to approve and ratify a shareholder rights plan for the Corporation, as more particularly described in the accompanying management information circular; and
- (f) to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

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LOCATION:

McInnes Cooper Law Office  
Suite 1300-1969  
Upper Water Street  
Halifax, Nova Scotia

The specific details of the matters proposed to be put before the Meeting are set forth in the management information circular ("**Circular**") accompanying and forming part of this notice of meeting.

Only Shareholders of record as of the close of business on Wednesday, April 17, 2019 are entitled to receive notice of the Meeting and to vote at the Meeting.

To assure your representation at the Meeting as a **Registered Shareholder**, please complete, sign, date and return the enclosed proxy, whether or not you plan to personally attend the Meeting. Sending your proxy will not prevent you from voting in person at the Meeting. All proxies completed by Registered Shareholders must be received by the Corporation's transfer agent, **Computershare Investor Services Inc.**, not later than **Friday, May 17, 2019 at 2:00 p.m. (Atlantic Time)**. A Registered Shareholder must return the completed proxy to Computershare Investor Services Inc., as follows:

- (a) by **mail** in the enclosed envelope;
- (b) by the **Internet** or **telephone** as described on the enclosed proxy; or
- (c) by **registered mail**, by **hand** or by **courier** to the attention of Computershare Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

**Non-Registered Shareholders** whose shares are registered in the name of an intermediary should carefully follow voting instructions provided by the intermediary. A more detailed description on returning proxies by Non-Registered Shareholders can be found on page 2 of the attached Circular.

If you receive more than one proxy or voting instruction form, as the case may be, for the Meeting, it is because your shares are registered in more than one name. To ensure that all of your shares are voted you should sign and return all proxies and voting instruction forms that you receive.

Dated at Halifax, Nova Scotia, as of the 17<sup>th</sup> day of April, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

*(Signed) "Dawson Brisco"*

President and Chief Executive Officer

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**MORIEN RESOURCES CORP.**  
**MANAGEMENT INFORMATION CIRCULAR**  
(as at April 17, 2019 except as indicated)

**INFORMATION REGARDING ORGANIZATION AND CONDUCT OF MEETING**

**THIS MANAGEMENT INFORMATION CIRCULAR ("CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY OR ON BEHALF OF THE MANAGEMENT OF MORIEN RESOURCES CORP. ("Corporation")** for use at the annual and special meeting of the shareholders of the Corporation ("**Shareholders**") to be held at Suite 1300-1969 Upper Water Street, Halifax, Nova Scotia, on Wednesday, May 22, 2019 at 2:00 p.m. (Atlantic Time) ("**Meeting**"), or at any adjournment thereof, for the purposes set forth in the accompanying notice of meeting ("**Notice of Meeting**").

The Corporation is the successor to Advanced Primary Minerals Corporation ("**APM**") resulting from a plan of arrangement that was effective on November 9, 2012 (the "**Arrangement**").

**Solicitation of Proxies**

Solicitation of proxies will be primarily by mail, but may also be by telephone or other means of communication by the directors, officers, employees or agents of the Corporation at nominal cost. All costs of solicitation will be paid by the Corporation. The Corporation will also pay the fees and costs of intermediaries for their services in transmitting proxy-related material in accordance with National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**").

**Appointment and Revocation of Proxies**

Shareholders of the Corporation may be "Registered Shareholders" or "Non-Registered Shareholders". If common shares of the Corporation ("**Common Shares**") are registered in the Shareholder's name, they are said to be owned by a "**Registered Shareholder**". If Common Shares are registered in the name of an intermediary and not registered in the Shareholder's name, they are said to be owned by a "**Non-Registered Shareholder**". An intermediary is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates. The instructions provided below set forth the different procedures for voting Common Shares at the Meeting to be followed by Registered Shareholders and Non-Registered Shareholders.

The persons named in the enclosed instrument appointing proxy are officers and/or directors of the Corporation. **Each Shareholder has the right to appoint a person or company (who need not be a Shareholder) to attend and act for him or her at the Meeting other than the persons designated in the enclosed form of proxy.** Shareholders who have given a proxy also have the right to revoke it insofar as it has not been exercised. The right to appoint an alternate proxyholder and the right to revoke a proxy may be exercised by following the procedures set out below under "*Registered Shareholders*" or "*Non-Registered Shareholders*", as applicable.

If any Shareholder receives more than one (1) proxy or voting instruction form, it is because that Shareholder's shares are registered in more than one form. In such cases, Shareholders should sign and submit all proxies or voting instruction forms received by them in accordance with the instructions provided.

**Registered Shareholders:**

Registered Shareholders have two (2) methods by which they can vote their Common Shares at the Meeting, namely in person or by proxy. To assure representation at the Meeting, Registered Shareholders are encouraged to return the proxy included with this management information circular (the "**Circular**"). Sending in a proxy will not prevent a Registered Shareholder from voting in person at the Meeting. The vote will be taken and counted at the Meeting. Registered Shareholders who do not plan to attend the Meeting or who do not wish to vote in person can vote by proxy.

Proxies must be received by the Corporation's transfer agent, **Computershare Investor Services Inc.** ("**Computershare**"), not later than **Friday, May 17, 2019 at 2:00 p.m. (Atlantic Time)**. A Registered Shareholder must return the completed proxy to Computershare Investor Services Inc., as follows:

- (a) by **mail** in the enclosed envelope; or
- (b) by the **Internet** or **telephone** as described on the enclosed proxy; or
- (c) by **registered mail**, by **hand** or by **courier** to the attention of Computershare Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

To exercise the right to appoint a person or company to attend and act for a Registered Shareholder at the Meeting, such Shareholder must strike out the names of the persons designated on the enclosed instrument appointing a proxy and insert the name of the alternate appointee in the blank space provided for that purpose.

To exercise the right to revoke a proxy, in addition to any other manner permitted by law, a Shareholder who has given a proxy may revoke it by instrument in writing, executed by the Shareholder or his or her attorney authorized in writing, or if the Shareholder is a corporation, by a duly authorized officer or attorney thereof, and deposited: (i) at the registered office of the Corporation, 99 Wyse Road, Suite 1480, Dartmouth, Nova Scotia B3A 4S5, Attn: Dawson Brisco, at any time up to and including the last business day preceding the Meeting at which the proxy is to be used, or at any adjournment thereof, or (ii) with the chairman of the Meeting on the date of the Meeting, or at any adjournment thereof, and upon either of such deposits the proxy is revoked.

#### **Non-Registered Shareholders:**

Non-Registered Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "**NOBOs**". Non-Registered Shareholders who have objected to their intermediary disclosing the ownership information about themselves to the Corporation are referred to as "**OBOs**".

In accordance with the requirements of NI 54-101, the Corporation is sending the Notice of Meeting, this Circular, and either the voting instructions form ("**VIF**") or the form of proxy, as applicable, (collectively, the "**Meeting Materials**") directly to the NOBOs and indirectly, through intermediaries, to the OBOs. The Corporation will also pay the fees and costs of intermediaries for their services in delivering Meeting Materials to OBOs in accordance with NI 54-101.

#### Meeting Materials Received by OBOs from Intermediaries:

The Corporation has distributed copies of the Meeting Materials to intermediaries for distribution to OBOs. Intermediaries are required to deliver these materials to all OBOs of the Corporation who have not waived their rights to receive these materials, and to seek instructions as to how to vote the Common Shares. Often, intermediaries will use a service company (such as Broadridge Financial Solutions, Inc.) to forward the Meeting Materials to OBOs.

OBOs who receive Meeting Materials will typically be given the ability to provide voting instructions in one of two ways:

- (a) Usually, an OBO will be given a VIF which must be completed and signed by the OBO in accordance with the instructions provided by the intermediary. In this case, the mechanisms described above for Registered Shareholders cannot be used and the instructions provided by the intermediary must be followed.
- (b) Occasionally, an OBO may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of Common Shares owned by the OBO but is otherwise not completed. This form of proxy does not need to be signed by the OBO but must be

completed by the OBO and returned to Computershare Investor Services Inc. in the manner described above for Registered Shareholders.

The purpose of these procedures is to allow OBOs to direct the proxy voting of the Common Shares that they own but that are not registered in their name. Should an OBO who receives either a form of proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the OBO should strike out the persons named in the form of proxy as the proxy holder and insert the OBO's (or such other person's) name in the blank space provided or, in the case of a VIF, follow the instructions provided by the intermediary. **In either case, OBOs who received Meeting Materials from their intermediary should carefully follow the instructions provided by the intermediary.**

To exercise the right to revoke a proxy, an OBO who has completed a proxy (or a VIF, as applicable) should carefully follow the instructions provided by the intermediary.

Proxies returned by intermediaries as "non-votes" because the intermediary has not received instructions from the OBO with respect to the voting of certain shares or, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Common Shares represented by such "non-votes" will, however, be counted in determining whether there is a quorum.

#### Meeting Materials Received by NOBOs from the Corporation:

As permitted under NI 54-101, the Corporation has used a NOBO list to send the Meeting Materials directly to the NOBOs whose names appear on that list. If you are a NOBO and the Corporation's transfer agent, Computershare, has sent these materials directly to you, your name and address and information about your holdings of Common Shares of the Corporation have been obtained from the intermediary holding such shares on your behalf in accordance with applicable securities regulatory requirements.

As a result, any NOBO of the Corporation can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided. Computershare will tabulate the results of the VIFs received from the Corporation's NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIF's received by Computershare.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. The intermediary holding Common Shares on your behalf has appointed you as the proxyholder of such Common Shares, and therefore you can provide your voting instructions by completing the proxy included with this Circular in the same way as a Registered Shareholder. Please refer to the information under the heading "*Registered Shareholders*" for a description of the procedure to return a proxy, your right to appoint another person or company as your proxy to attend the Meeting, and your right to revoke the proxy.

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

#### **Notice-and-Access**

The Corporation is not sending the Meeting Materials to Registered Shareholders or Non-Registered Shareholders using notice-and-access delivery procedures defined under NI 54-101 and National Instrument 51-102, *Continuous Disclosure Obligations*.

## **Exercise of Proxies**

Where a choice is specified, the Common Shares represented by proxy will be voted for, withheld from voting or voted against, as directed, on any poll or ballot that may be called. **Where no choice is specified, the proxy will confer discretionary authority and will be voted in favour of all matters referred to on the form of proxy. The proxy also confers discretionary authority to vote for, withhold from voting, or vote against amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting.**

Management has no present knowledge of any amendments or variations to matters identified in the Notice of Meeting or any business that will be presented at the Meeting other than that referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the enclosed instrument appointing a proxy to vote in accordance with the recommendations of management of the Corporation.

## **Voting Shares**

The authorized capital of the Corporation consists of an unlimited number of Common Shares, of which 53,840,864 are issued and outstanding as of the date hereof.

The board of directors of the Corporation (the "**Board**" or "**Board of Directors**") has fixed the record date for the Meeting as the close of business on Wednesday, April 17, 2019 (the "**Record Date**"). Only Shareholders of record as of the close of business on the Record Date will be entitled to vote at the Meeting, provided that if a Shareholder has transferred any Common Shares after the Record Date and the transferee, having produced properly endorsed certificates evidencing such Common Shares or otherwise establishing ownership of such Common Share to the satisfaction of the Board, has demanded not later than ten (10) days before the Meeting that the transferee's name be included on the voting list for the Meeting, such transferee shall be entitled to vote the transferred Common Shares at the Meeting.

Shareholders entitled to vote shall have one (1) vote each on a show of hands and one (1) vote per Common Share on a poll.

## **Quorum**

At least one (1) person present in person holding or representing by proxy not less than five percent (5%) of the Common Shares entitled to be voted at the Meeting will constitute a quorum at the Meeting.

## **Principal Shareholders**

As of the date hereof, to the knowledge of the directors and executive officers of the Corporation, the only person or company which beneficially owns, or exercises control or direction over, directly or indirectly, ten percent (10%) or more of the voting rights attached to the outstanding Common Shares is Atlantic Royalty LLC, a subsidiary of The Cline Group LLC, which beneficially owns, or exercises control or direction over, 5,950,000 Common Shares or 11.05% of the issued and outstanding Common Shares.

## **BUSINESS TO BE TRANSACTED AT THE MEETING**

### **Presentation of Financial Statements**

The financial statements of the Corporation, the auditor's report thereon and management's discussion and analysis for the fiscal year ended December 31, 2018, are filed on SEDAR under the Corporation's profile and will be presented to the Shareholders at the Meeting.

## Election of Directors

The articles of the Corporation provide that the size of the Board must consist of not less than one (1) director and not more than fifteen (15) directors to be elected annually. The Board is presently comprised of four directors. The Board has determined that, in the forthcoming year, the business of the Corporation may be properly conducted by a Board of Directors consisting of four directors and has fixed the size of the Board at four, effective at the close of the Meeting. The Board is also authorized to appoint up to one-third (1/3) of the number of directors elected at the previous annual general meeting of Shareholders.

Each of the persons named in the list which follows is currently a director of the Corporation and all are, in the opinion of management, well qualified to direct the Corporation's activities for the ensuing year. They have all confirmed their willingness to serve as directors, if elected. The term of office of each director elected will be until the next annual meeting of the Shareholders or until the position is otherwise vacated.

**Unless the proxy specifically instructs the proxyholder to withhold such vote, Common Shares represented by the proxies hereby solicited shall be voted for the election of the nominees whose names are set forth below.** Management does not contemplate that any of these proposed nominees will be unable to serve as a director of the Corporation, but if that should occur for any reason prior to the Meeting, the persons designated in the enclosed instrument appointing proxy will have the right to use their discretion in voting for a properly qualified substitute.

Name, Province and Country of Residence	Principal Occupation	Director Since	Current Position(s) with the Corporation	Common Shares of the Corporation Owned, Controlled or Directed <sup>(1)</sup>
John P. A. Budreski British Columbia, Canada	Executive Chairman of the Corporation; Director and Executive Chairman of EnWave Corporation	November 9, 2012	Executive Chairman and Director	3,130,000
John P. Byrne <sup>(2)(3)</sup> Ontario, Canada	President, Petroleum Corporation of Canada Exploration Ltd. (an oil exploration and development company)	November 9, 2012	Director	2,390,250
Charles G. Pitcher <sup>(2)(3)</sup> Ontario, Canada	President, The Mining House Inc. (a mine engineering and management services company)	July 9, 2012 (date of first appointment as a director of APM)	Director	375,000
J. William (Bill) Ritchie <sup>(2)(3)</sup> Nova Scotia, Canada	Retired Nova Scotia businessman.	January 27, 2016	Director	1,125,000

Notes:

(1) The information as to shareholdings was provided by the directors as of April 17, 2019.

(2) Member of the Audit Committee.

(3) Member of the Governance Committee.

**John P.A. Budreski** – Mr. Budreski was formerly the President and Chief Executive Officer of the Corporation. Prior to that, Mr. Budreski was a Vice Chairman of Cormark Securities Inc. Mr. Budreski was also President and Chief Executive Officer of Orion Securities Inc. which was sold to Macquarie Group in 2007. He has over 30 years of broad experience in the resource and resource financing industries, including Managing Director of Equity Capital Markets and Head of Investment Banking for Scotia Capital Inc. from 1998 to 2005. Mr. Budreski has a Bachelor of Engineering from Dalhousie/TUNS University in Halifax, Nova Scotia and an MBA from the University of Calgary, Alberta. Mr. Budreski is also a director and Executive Chairman of EnWave Corporation, and a director of Sandstorm Gold Ltd., NuLegacy Gold Corporation, Input Capital Corp., and Colossus Minerals Inc.



**John P. Byrne** – Mr. Byrne has more than 30 years of investment banking and corporate finance experience. He is President of Petroleum Corporation of Canada Exploration Limited ("**Petrex**"), an oil and gas exploration and development company, and has held that position since 1976. Petrex helped establish and finance Enerplus Energy Services Limited for which Mr. Byrne served as Vice-Chairman from 1986 to 2000. He also served in senior executive roles with Levesque Beaubien Geoffrion Inc. (now National Bank Financial), A.E. Ames & Company Ltd./Dominion Securities Ames Ltd. and The First Boston Corporation. Mr. Byrne graduated from McGill University in Montreal with a BA and from the University of Toronto Law School with a LLB. He is also a Chartered Financial Analyst. Mr. Byrne is also a director of Erdene Resource Development Corp.

**Charles G. Pitcher** – Mr. Pitcher has over four decades of experience in civil and mining operations, engineering, project development and mines management. He has provided his consulting services through The Mining House Inc since 1985. In 2012, he was President and Chief Operating Officer of Wilson Creek Coal LLP in Pennsylvania. From 2002 to 2004, he served in the offices of President and Chief Executive Officer and Chief Operations Officer of Western Canadian Coal Corp., a producer of high quality metallurgical coal, and continued as a director until 2010. He has been a director of Morien since July 9, 2012. Mr. Pitcher holds a B.Sc. Mining Engineering degree (1979) from the Colorado School of Mines.

**J. William (Bill) Ritchie** – Mr. Ritchie's distinguished career includes having been chair and CEO of Scotia Bond Ltd., as well as being one of the founders of Keltic Savings Corporation Limited. Over the years, Mr. Ritchie has served on boards of companies including Empire Company Ltd., Sobeys Inc., Keltic Inc., DHX Media Ltd., King Insurance, e-Academy Inc. and Kivuto Solutions Inc. Mr. Ritchie is currently a director of SimplyCast Interactive Marketing Ltd. His important contributions to the local business community were recognized when he was inducted into the Nova Scotia Business Hall of Fame in 2010. Mr. Ritchie holds a B.Sc. from McGill University in Montreal.

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

Other than as noted below, to the knowledge of the Corporation:

- (a) no proposed director of the Corporation is, or within ten years prior to the date of this Circular has been, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
  - (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.
- (b) no proposed director of the Corporation:
  - (i) is, or within ten years prior to the date of this Circular has been, a director or executive officer of any company (including the Corporation) 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

- (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

John P.A. Budreski was a director of EarthFirst Canada Inc. ("**EarthFirst**") until March 2, 2010. EarthFirst was engaged in the development of wind power and related generation facilities, when it obtained creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") on November 4, 2008. The CCAA process has been completed and EarthFirst amalgamated with another entity and no longer exists as a separate entity. In addition, Mr. Budreski became a director of Colossus Minerals Inc. ("**Colossus**") in late March of 2014 pursuant to the terms of, and upon the completion of, a Court supervised restructuring. Prior to Mr. Budreski joining the Board of Colossus, Colossus had failed to file its requisite disclosure materials with the applicable regulatory bodies and, on April 29, 2014, the Ontario Securities Commission issued a cease trade order against Colossus. As of the date hereof, the cease trade order remains in effect.

No proposed director of the Corporation has been subject to (i) 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 (ii) 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**

KPMG LLP, Chartered Accountants has been the auditor of the Corporation since November 9, 2012 and was the auditor of APM, the Corporation's predecessor, since December 8, 2009. Management recommends the re-appointment of KPMG LLP. The Shareholders will be asked at the Meeting to vote for the appointment of KPMG LLP as auditor of the Corporation until the next annual meeting of Shareholders of the Corporation, at a remuneration to be fixed by the Board.

**It is intended that all proxies received will be voted in favour of the appointment of KPMG LLP as auditor of the Corporation, unless a proxy contains instructions to withhold the same from voting. Greater than 50% of the votes of Shareholders present in person or by proxy are required to approve the appointment of KPMG LLP as auditor of the Corporation.**

### **Annual Approval of Incentive Stock Option Plan**

Pursuant to the terms of the Arrangement, the Corporation adopted the form of APM's 10% "rolling" incentive stock option plan, *mutatis mutandis* (the "**Plan**").

The rules of the TSX Venture Exchange ("**TSX-V**") provide that a stock option plan must be re-approved by shareholders every year. The Plan, which had been originally approved by the board of directors of APM on October 25, 2002, and was amended on June 23, 2011, and May 12, 2017, was approved by the Shareholders annually at the annual and special meetings of Shareholders and most recently at the meeting held on June 7, 2018.

The purpose of the Plan is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire Common Shares thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs. The Plan has been prepared to comply with the policies of the TSX-V.

The following information is intended as a brief description of the Plan, and is qualified in its entirety by reference to the Plan itself, which is attached as Schedule A to the Corporation's management information circular dated May 12, 2017 filed on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile and is incorporated herein by reference. In addition, upon request, the Corporation will promptly provide a copy of the Plan free of charge to any Shareholder. To request a copy of the Plan, Shareholders should contact Dawson Brisco at Morien Resources Corp., Suite 1480, 99 Wyse Road, Dartmouth, Nova Scotia, B3A 4S5, Telephone (902) 466-7255.

### The Plan

The Plan is administered by the Board of Directors of the Corporation, but may be administered by a special committee of directors if one is appointed by the Board of Directors. Directors, officers, consultants, and employees of the Corporation or its subsidiaries, and employees of any person or company which provides management services to the Corporation or its subsidiaries, are eligible for participation in the Plan.

The aggregate number of Common Shares that may be reserved for issuance under the Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares of the Corporation from time to time. The number of Common Shares subject to an option to a participant shall be determined by the Board of Directors, but no participant shall be granted an option which exceeds the maximum number of shares permitted by the TSX-V or any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction. In particular:

- (a) No participant may be granted options to purchase a number of Common Shares equalling more than 5% of the issued Common Shares in any twelve-month period unless the Corporation has obtained disinterested shareholder approval in respect of such grant and satisfies applicable TSX-V requirements.
- (b) Options shall not be granted if their exercise would result in the issuance of more than 2% of the issued Common Shares in any twelve-month period to any one consultant of the Corporation or any of its subsidiaries.
- (c) Options shall not be granted if their exercise would result in the issuance of more than 2% of the issued Common Shares in any twelve-month period to employees of the Corporation or of any of its subsidiaries conducting investor relation activities. Options granted to persons performing investor relations activities are required to contain vesting provisions such that vesting occurs over at least twelve (12) months with no more than one quarter ( $\frac{1}{4}$ ) of the options vesting in any three-month period.
- (d) Options shall not be granted if such grant would result in the grant to insiders (as a group) under the Plan, together with all of the Corporation's previously established and outstanding stock option plans or grants, within a 12-month period, of a number of options exceeding 10% of the outstanding Common Shares, calculated on the date an option is granted to an insider.

The exercise price of the Common Shares covered by each option shall be determined by the Board of Directors, provided that the exercise price shall not be less than the price permitted by the TSX-V or any stock exchange on which the Common Shares are then listed, or other regulatory body having jurisdiction.

Subject to any vesting restrictions imposed by the TSX-V, the Board may determine the time during which options vest and the method of vesting, or that no vesting restriction shall exist.

The maximum term of an option is five (5) years, provided that participant's options expire ninety (90) days after his ceasing to act for the Corporation (or thirty (30) days in the case of a participant engaged in investor relations activities), except upon the death of a participant, in which case his estate shall have one (1) year in which to exercise the outstanding options.

No options are transferable or assignable.

Subject to the approval of the TSX-V, the Board of Directors has the discretion to amend or terminate the Plan; provided however, no amendment shall alter the terms of any outstanding options unless Shareholder approval, or disinterested Shareholder approval, as the case may be, is obtained.

### Existing Stock Options

As of April 17, 2019, the Corporation had stock options outstanding under the Plan that were exercisable to acquire, in the aggregate, 3,426,750 Common Shares. See "*Securities Authorized for Issuance Under Equity Compensation Plans*" for additional information with regard to the options outstanding as at December 31, 2018.

### Approval of the Plan

Policy 4.4 of the TSX-V requires that rolling stock option plans must receive shareholder approval yearly, at the issuer's annual general meeting. In accordance with Policy 4.4, Shareholders will be asked to consider and if thought fit, approve the following ordinary resolution re-approving, adopting and ratifying the Plan as the Corporation's stock option plan:

**BE IT RESOLVED** as an ordinary resolution of the Shareholders of the Corporation that:

1. the Plan, in the form approved by the shareholders of the Corporation at its annual and special meeting held on June 14, 2017, is hereby ratified, confirmed and approved;
2. the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the Shareholders; and
3. any one of the directors or officers of the Corporation is hereby authorized to take all such actions and execute and deliver all such documents as are necessary or desirable for the implementation of this resolution.

The directors of the Corporation believe the Plan is in the Corporation's best interests and recommend that the Shareholders approve the Plan. **It is intended that all proxies received will be voted in favour of approving the Plan unless a proxy contains instructions to vote against. Greater than 50% of the votes of Shareholders present in person or by proxy are required to approve the Plan.**

### **Approval of Shareholder Rights Plan**

Effective February 4, 2019, the Corporation entered into a shareholder rights plan agreement (the "**Rights Plan Agreement**") with Computershare Investor Services Inc., as rights agent, to implement the adoption of a shareholder rights plan for the Corporation (the "**Rights Plan**").

### Purpose of the Rights Plan

The purpose of the Rights Plan is to: (i) ensure, to the extent possible, that all holders of Common Shares and the Board have adequate time to consider and evaluate any unsolicited bid for the Common Shares; (ii) provide the Board with adequate time to identify, develop and negotiate value-enhancing alternatives, if considered appropriate, to any such unsolicited bid; (iii) encourage the fair treatment of the Shareholders in connection with any take-over bid made for the Common Shares; (iv) generally, to assist the Board in enhancing Shareholder value; and (v) ensure consistency with the Canadian take-over regime. The Rights Plan is not being proposed in response to any specific proposal to acquire control of the Corporation, nor is the Board of Directors currently aware of any pending or threatened take-over bid for the Corporation.

The Rights Plan encourages a potential acquiror to proceed with their bid in accordance with Canadian take-over bid rules, which requires that the bid satisfy certain minimum standards intended to promote fairness, or have the approval of the Board. Under the Rights Plan, those bids that meet certain requirements intended to protect the interests of all Shareholders are deemed to be "Permitted Bids". Permitted Bids must be made by way of a take-over bid circular prepared in compliance with applicable securities laws and, among other conditions, must remain open for the minimum period set out in the Rights Plan. In the event a take-over bid does not meet the Permitted Bid requirements or a person otherwise acquires 20% or more of the outstanding Common Shares, subject to certain exemptions, the rights will entitle Shareholders, other than any Shareholder acquiring the Common Shares, to purchase additional Common Shares at a substantial discount to the market value at the time. As a result, the investment of the Shareholder or Shareholders making the acquisition will be greatly diluted if a substantial portion of the rights are exercised.

A summary of the principal terms and conditions of the Rights Plan is set out in Schedule B to this Circular. The summary of the Rights Plan is qualified in its entirety by reference to the complete text of the Rights Plan Agreement, which is incorporated by reference in this Circular and available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### Shareholder Approval

The TSX-V has advised the Corporation that it has no objection to the Rights Plan, subject to ratification by the Corporation's Shareholders within six months of adoption. At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution in the following form, with or without variation, to approve and ratify the Rights Plan:

**BE IT RESOLVED** as an ordinary resolution of the Shareholders of the Corporation that:

1. the Rights Plan as set forth in the shareholder rights plan agreement dated as of February 4, 2019 between the Corporation and Computershare Investor Services Inc., and the issuance of the Rights issued pursuant to such Rights Plan, be and the same are hereby approved, ratified and confirmed; and
2. any officer of the Corporation be and is hereby authorized and directed to negotiate, finalize, execute and deliver any and all such further agreements, documents, authorizations, elections or other instruments and to do all such further acts and things as such officer in his or her sole discretion may determine in order to complete and give effect to the foregoing resolution and the transactions contemplated by the Rights Plan, such determination to be conclusively evidenced by such officer's execution and delivery of any such agreement, document, authorization, election or other instrument or the taking of any such action.

The directors of the Corporation believe the Rights Plan is in the Corporation's best interests and recommend that the Shareholders approve and ratify the Rights Plan. **It is intended that all proxies received will be voted in favour of the Rights Plan, unless a proxy contains instructions to vote against. Greater than 50% of the votes of Shareholders present in person or by proxy are required to approve and ratify the Rights Plan.**

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

No person who has been a director or executive officer of the Corporation since January 1, 2018 nor any proposed nominee for election as a director, nor any associate of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities of the Corporation or otherwise, in matters to be acted upon at the Meeting other than (i) the election of directors; and (ii) as directors and officers they are eligible to receive grants of options under the Plan.

#### **EXECUTIVE COMPENSATION**

##### **Director and Named Executive Officer Compensation**

The following table sets forth the information required under Form 51-102F6V, *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**") regarding all compensation paid, payable, awarded, granted, given, or otherwise provided during the two most recently completed financial years of the Corporation to all persons acting as directors or as "**Named Executive Officers**" or "**NEOs**". The following persons are Named Executive Officers (or NEOs) of the Corporation under Form 51-102F6V:

- (a) the Corporation's chief executive officer ("**CEO**");
- (b) the Corporation's chief financial officer ("**CFO**");

- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be an NEO under (c) except that the individual was not an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year.

For the financial year ended December 31, 2018, the Corporation had four NEOs; John P. A. Budreski, Dawson Brisco, Michael O'Keefe, and Susanne Willett. During the course of 2018, Dawson Brisco replaced John P. A. Budreski as President and CEO, with Mr. Budreski taking on the role of Executive Chairman, and Susanne Willett replaced Michael O'Keefe as CFO.

<i>Table of compensation excluding compensation securities</i>							
<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
<b>Dawson Brisco,</b> President and CEO <sup>(1)</sup>	2018	76,375	Nil	N/A	N/A	N/A	76,375
	2017	44,939	15,000	N/A	N/A	N/A	59,939
<b>Susanne Willett,</b> CFO <sup>(2)</sup>	2018	20,063	Nil	N/A	N/A	N/A	20,063
	2017	Nil	Nil	N/A	N/A	N/A	Nil
<b>John P.A. Budreski,</b> Director and Executive Chairman, former President and CEO <sup>(3)</sup>	2018	75,000	Nil	N/A	N/A	N/A	75,000
	2017	112,500	Nil	N/A	N/A	N/A	112,500
<b>Michael O'Keefe,</b> former CFO <sup>(4) (5)</sup>	2018	46,978	Nil	N/A	N/A	N/A	46,978
	2017	86,742	15,000	N/A	N/A	N/A	101,742
<b>Peter C. Akerley,</b> former Director <sup>(6)</sup>	2018	12,000	Nil	2,000	N/A	N/A	14,000
	2017	24,000	Nil	3,000	N/A	N/A	27,000
<b>John P. Byrne,</b> Director	2018	12,000	Nil	5,000	N/A	N/A	17,000
	2017	12,000	Nil	6,000	N/A	N/A	18,000
<b>Charles G. Pitcher,</b> Director	2018	12,000	Nil	5,000	N/A	N/A	17,000
	2017	12,000	Nil	5,000	N/A	N/A	17,000
<b>J. William (Bill) Ritchie,</b> Director	2018	12,000	Nil	4,000	N/A	N/A	16,000
	2017	12,000	Nil	7,000	N/A	N/A	19,000

Notes:

- (1) Mr. Brisco was appointed as President effective May 8, 2018, and as CEO effective November 29, 2018. Mr. Brisco provides services to the Corporation pursuant to the Services Agreement between the Corporation and Erdene Resource Development Corp ("**Erdene**"). The amounts disclosed as salary were received by Mr. Brisco from Erdene and are attributable to Mr. Brisco's services under the Services Agreement as outlined below and include services for his previous position as Vice-President, Corporate Development of the Corporation. In each of 2017 and 2018, Mr. Brisco devoted approximately 50% of his time to the affairs of the Corporation, and \$84,012 of the aggregate fee paid by the Corporation to Erdene in 2018 (\$49,432 in 2017) is attributable to his services.
- (2) Ms. Willett was appointed as CFO effective September 4, 2018. Ms. Willett provides services to the Corporation pursuant to a financial consulting services agreement between the Corporation and Griffin Atlantic Inc., a company controlled by Ms. Willett.
- (3) Mr. Budreski ceased in his role as President effective May 8, 2018, and as CEO effective November 29, 2018, and currently holds the position of Executive Chairman.
- (4) Mr. O'Keefe ceased in his role as CFO effective September 4, 2018.
- (5) Mr. O'Keefe provided services to the Corporation pursuant to the Services Agreement between the Corporation and Erdene. The amounts disclosed as salary were received by Mr. O'Keefe from Erdene and are attributable to Mr. O'Keefe's services under the Services Agreement as outlined below. In 2017 and 2018, Mr. O'Keefe devoted approximately 55% and 41%, respectively, of his time to the affairs of the Corporation and \$51,676 of the aggregate fee paid by the Corporation to Erdene in 2018 (\$95,416 in 2017) is attributable to his services.
- (6) Mr. Akerley completed his term as a director of the Corporation on June 7, 2018 and did not seek re-election. The amounts shown above include the amounts paid to Mr. Akerley for his services as Chairman, being \$14,000 in 2018 (\$27,000 in 2017). Mr. Akerley is President and CEO of Erdene. None of the fees paid to Erdene pursuant to the Services Agreement between the Corporation and Erdene for 2017 or 2018 relates to services from Mr. Akerley.

## Stock Options and Other Compensation Securities

The following table sets forth all compensation securities granted or issued to each director and NEO by the Corporation in the financial year ended December 31, 2018:

<i>Compensation Securities</i> <sup>(1)</sup>							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
<b>Dawson Brisco</b> <sup>(2)</sup> President and CEO	Options	700,000 16.7%	May 11, 2018	\$0.60	\$0.58	\$0.47	May 11, 2023
<b>Susanne Willett</b> <sup>(3)</sup> CFO	-	-	-	-	-	-	-
<b>John P.A. Budreski</b> <sup>(4)</sup> Executive Chairman and Director, former President and CEO	Options	700,000 16.7%	May 11, 2018	\$0.60	\$0.58	\$0.47	May 11, 2023
<b>Michael O'Keefe</b> former CFO <sup>(5)</sup>	Options	125,000 3.0%	May 11, 2018	\$0.60	\$0.58	\$0.47	May 11, 2023
<b>Peter C. Akerley</b> <sup>(6)</sup> former Director	Options	125,000 3.0%	May 11, 2018	\$0.60	\$0.58	\$0.47	May 11, 2023
<b>John P. Byrne</b> <sup>(7)</sup> Director	Options	125,000 3.0%	May 11, 2018	\$0.60	\$0.58	\$0.47	May 11, 2023
<b>Charles G. Pitcher</b> <sup>(8)</sup> Director	Options	125,000 3.0%	May 11, 2018	\$0.60	\$0.58	\$0.47	May 11, 2023
<b>J. William (Bill) Ritchie</b> <sup>(9)</sup> Director	Options	125,000 3.0%	May 11, 2018	\$0.60	\$0.58	\$0.47	May 11, 2023

Notes:

- (1) The Corporation provides its directors with stock options pursuant to the Plan, with a target of 0.5% of the Corporation's outstanding Common Shares for each of the non-management directors and between 1% and 4% of the Corporation's outstanding Common Shares for the executive chairman. Each option is exercisable for one Common Share. All options held by the directors and NEOs are now vested.
- (2) Mr. Brisco was appointed as President effective May 8, 2018, and as CEO effective November 29, 2018. On December 31, 2018, Mr. Brisco held a total of 961,750 stock options issued under the Plan.
- (3) Ms. Willett was appointed as CFO effective September 4, 2018. On December 31, 2018, Ms. Willett did not hold stock options issued under the Plan.
- (4) Mr. Budreski ceased in his role as President effective May 8, 2018, and as CEO effective November 29, 2018. On December 31, 2018, Mr. Budreski held a total of 1,665,750 stock options issued under the Plan.
- (5) Mr. O'Keefe ceased in his role as CFO effective September 4, 2018. On December 31, 2018, Mr. O'Keefe held a total of 327,500 stock options issued under the Plan.
- (6) Mr. Akerley finished his term as a director on June 7, 2018 and did not seek re-election. On December 31, 2018, Mr. Akerley held a total of 125,000 stock options issued under the Plan.
- (7) On December 31, 2018, Mr. Byrne held a total of 175,000 stock options issued under the Plan.
- (8) On December 31, 2018, Mr. Pitcher held a total of 175,000 stock options issued under the Plan.
- (9) On December 31, 2018, Mr. Ritchie held a total of 250,000 stock options issued under the Plan.

The following table provides a summary of each exercise of compensation securities by each NEO and director of the Corporation for the financial year ended December 31, 2018:

<i>Exercise of Compensation Securities by Directors and NEOs</i>							
<b>Name and position</b>	<b>Type of compensation security</b>	<b>Number of underlying securities exercised</b>	<b>Exercise price per security (\$)</b>	<b>Date of exercise</b>	<b>Closing price per security on date of exercise (\$)</b>	<b>Difference between exercise price and closing price on date of exercise (\$)</b>	<b>Total value on exercise date (\$)</b>
<b>Dawson Brisco</b> President and CEO	Options	0	-	-	N/A	-	-
<b>Susanne Willett</b> CFO	Options	0	-	-	N/A	-	-
<b>John P.A. Budreski</b> Executive Chairman and Director, former President and CEO	Options	0	-	-	N/A	-	-
<b>Michael O'Keefe</b> former CFO <sup>(1)</sup>	Options	0	-	-	N/A	-	-
<b>Peter C. Akerley</b> former Director	Options	250,000	\$0.25	November 20, 2018	\$0.50	\$0.25	125,000
<b>John P. Byrne</b> Director	Options	0	-	-	N/A	-	-
<b>Charles G. Pitcher</b> Director	Options	0	-	-	N/A	-	-
<b>J. William (Bill) Ritchie</b> Director	Options	0	-	-	N/A	-	-

### **Stock Option Plans and Other Incentive Plans**

The Plan is the sole equity compensation plan adopted by the Corporation. For a description of the Plan, see "*Business to be Transacted at the Meeting – Annual Approval of Incentive Stock Option Plan*".

### **Employment, Consulting and Management Agreements**

Mr. Budreski is paid for services to the Corporation as Executive Chairman through an employment agreement effective as of November 9, 2012. The agreement's provisions with respect to change of control, severance and termination are as follows:

- (a) if his employment is terminated by the Corporation without cause, he will receive an amount equal to his then current annual base salary and the Corporation shall continue his group insurance benefits, if any, for 6 months after the date of termination;



- (b) in the event of a change of control of the Corporation, Mr. Budreski may terminate his agreement with the Corporation at any time after ninety days and within one hundred eighty days of the date on which there is a change of control (by providing one month's written notice). If he does so, the Corporation is required to pay an amount equal to his then current annual base salary and continue his group insurance benefits, if any, for 6 months after the date of termination;
- (c) if his employment is terminated by the Corporation as a result of death or disability, he shall receive an amount equal to his then current annual base salary; and
- (d) if his employment is terminated for cause, the Corporation is required to pay his then-current salary accrued pursuant to his employment agreement.

If Mr. Budreski's employment had been terminated effective December 31, 2018, the Corporation estimates that the incremental payment payable to Mr. Budreski would be \$75,000.

Ms. Willett is paid for services to the Corporation as Chief Financial Officer through a consulting services agreement effective as of July 6, 2018, between Griffin Atlantic Inc., a company controlled by Ms. Willett, and the Corporation. The agreement can be terminated by either party for cause with five (5) days' notice, or for convenience by either party, with three (3) months' notice. Upon termination of the agreement, the Corporation is obliged to pay for services provided, including work in progress, and for all expenses up to the termination of the agreement.

Mr. Akerley and Mr. O'Keefe entered into consulting services agreements with the Corporation on September 1, 2018. Neither parties received compensation pursuant to those agreements in 2018.

Pursuant to a Services Agreement, between Erdene Resource Development Corp. ("**Erdene**") and the Corporation, Erdene provides management, administration, financial and regulatory updating services for the Corporation for an average monthly fee of \$18,177 from January 1, 2018 to December 31, 2018. The Services Agreement allows for adjustments in the nature and extent of services provided. In 2018, Mr. Brisco devoted approximately 50% of his time to the affairs of the Corporation and \$84,012 of the aggregate fee paid by the Corporation to Erdene is attributable to his services. In 2018, until September 1, 2018, Mr. O'Keefe devoted approximately 41% of his time to the affairs of the Corporation and \$51,676 of the aggregate fee paid by the Corporation to Erdene is attributable to his services.

Erdene may terminate the Services Agreement on six months written notice to the Corporation. Erdene may also terminate the availability of any of its personnel to assist in providing services when Erdene requires the full-time services of that person, on six months written notice to the Corporation. Erdene may also terminate the availability of any of its personnel where Erdene no longer requires the services of that individual, in which case the Corporation has the option to elect to hire such individual (and assume all of Erdene's contractual, common law and statutory obligations with respect to that individual's employment) or to pay Erdene an amount equal to its proportionate share of that individual's severance amount paid by Erdene.

The Corporation may terminate the Services Agreement on written notice to Erdene provided that the Corporation shall be liable to pay Erdene an amount equal to the severance amount or one month's salary for each year employed or six months' salary, whichever is greater, for each of Erdene employee's providing services to the Corporation proportionate to the percentage of time that such individual is devoting to services to the Corporation. In addition, if the Corporation terminates the Services Agreement, it is liable to pay Erdene that portion of the monthly fee attributable to office space provided to the Corporation until the end of Erdene's then current lease term. The Corporation may also terminate the need for any particular individual assisting in providing services on written notice to Erdene provided the Corporation pays Erdene an amount to compensate for its pro rata share of severance obligations.

Either Erdene or the Corporation may terminate the Services Agreement in other named circumstances, including in certain events of insolvency and if there is a violation of the confidentiality and non-use obligations set forth in the agreement.

Erdene has the following relationships with the directors and NEOs of the Corporation during the most recent financial year: Mr. Akerley is the President and CEO of Erdene and Mr. Byrne is a director of Erdene.

### **Oversight and Description of Director and Named Executive Officer Compensation**

The Corporation's Board of Directors is responsible for the oversight of the Corporation's strategy, policies and programs for the compensation and development of senior officers and directors.

#### *Named Executive Officer Compensation*

The general objectives of the Corporation's compensation strategy are:

- (a) to 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;
- (b) to align management's interests with the long-term interests of Shareholders;
- (c) to provide a compensation package that is commensurate with other comparable mineral exploration companies to enable the Corporation to attract and retain talent; and
- (d) to ensure that the total compensation package is defined in a manner that takes into account the Corporation's present stage of development and its available financial resources.

The Corporation's executive compensation program is comprised of four components: (i) base salary, (ii) a stock option plan, (iii) performance bonus and (iv) benefits.

#### ***Base Salary***

The base salary review of any NEO takes into consideration the historical payment practices of the Corporation, the current competitive market conditions and the experience, proven or expected performance and skills particular to the executive. Base salary is not evaluated against a formal "peer group". The fixed base salary of any NEO, combined with the granting of stock options, has been designed to provide total compensation which the Board believes is competitive with that paid by other companies of comparable size and engaged in similar business in comparable regions.

#### ***Stock Options***

The strategic use of incentive stock options is a cornerstone of the Corporation's compensation plan. The purpose of the Plan is to advance the interests of the Corporation and its affiliates by encouraging the directors, officers, consultants and those employees of Erdene who provide services to the Corporation to acquire Common Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation, rewarding significant performance achievements and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of their affairs.

Historically, incentive stock options have been awarded to executives, including the NEOs, at the commencement of employment (or when they begin to provide services) and periodically thereafter. At the time of commencement of employment, option-based awards generally reflect industry comparables with companies at similar levels of development.

Options are granted to reward NEOs for their current performance, expected future performance and value to the Corporation. All grants of stock options to the NEOs are reviewed and approved by the Board of Directors. The process is initiated by management recommending a grant of option-based awards to the Board of Directors. In evaluating option grants to the NEOs, the Board of Directors evaluate a number of factors including, but not limited to: (i) the number of options already held by such NEO; (ii) a fair balance between the number of options held by the NEO and the other executives of the Corporation, in light of their responsibilities and objectives; and (iii) the value of the options as a component in the NEO's overall compensation package. One of the NEOs is a director of

the Corporation and, as such, he declares his interest in any resolution involving the grant of options to him and refrains from voting thereon.

### ***Performance Bonus***

The Corporation does not implement a formal annual incentive program. However, annually, the Board considers whether it is appropriate and in the best interest of the Corporation to award a discretionary cash bonus to any of the NEOs. A cash bonus may be awarded to reward extraordinary performance that has led to increased value for Shareholders through property acquisitions or divestitures, the formation of new strategic or joint venture relationships and/or capital raising efforts. Demonstrations of extraordinary personal commitment to the Corporation's interests, the community and the industry may also be rewarded through a cash bonus.

In 2017, a cash bonus was paid to the CFO, as well as to certain other senior management and staff, for extraordinary efforts in 2016. No cash bonuses were paid in 2018.

### ***Benefits***

The CEO of the Corporation is entitled to participate in a corporate benefits program, including medical, dental, disability and life insurance in line with organizations of similar size.

### ***Director Compensation***

The Corporation pays its non-management board members fees in quarterly instalments of \$3,000, and meeting fees of \$1,000 per meeting, provided that if a committee meets following a board meeting or if there are back-to-back committee meetings, a director will be paid for one meeting only. The chairman's compensation is \$24,000 per annum plus \$1,000 per meeting.

In addition, the Corporation provides its directors with stock options pursuant to the Plan, with a target of 0.5% of the Corporation's outstanding Common Shares for each of the non-management directors and 1% of the Corporation's outstanding Common Shares for the chairman. Directors are entitled to be reimbursed for travel and other out-of-pocket expenses incurred for attendance at directors' meetings but are not compensated for travel time in connection with attendance at the board meetings.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The Plan is the sole equity compensation plan adopted by the Corporation. The following table sets out information as of December 31, 2018 with regard to outstanding options authorized for issuance into Common Shares under the Plan.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (Cdn)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column (a))
Plan Category	(a)	(b)	(c)
Stock Option Plan (approved by Shareholders)	4,192,500	\$0.44	1,120,611 <sup>(1)</sup>
Total:	4,192,500	\$0.44	1,120,611

Notes:

- (1) This number equals 10% of the total issued and outstanding Common Shares on December 31, 2018 (which was 53,131,114) less the number of Common Shares reported under Column (a) above.

For a description of the Plan, see "*Business to be Transacted at the Meeting – Annual Approval of Incentive Stock Option Plan*".

## **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No current or former directors, executive officers or employees of the Corporation or any of its subsidiaries or proposed directors, or associates or affiliates of any of these persons, have been indebted to the Corporation or its subsidiaries, or indebted to another entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries, at any time since January 1, 2018, being the beginning of the Corporation's last completed financial year, other than "Routine Indebtedness" as that term is defined in applicable securities laws.

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

None of the directors, executive officers or principal shareholders of the Corporation, or associates or affiliates of any of these persons, had any material interest, direct or indirect, in any transaction since January 1, 2018, being the beginning of the Corporation's last financial year, or in any proposed transaction which, in either case, has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **MANAGEMENT CONTRACTS**

During the most recently completed financial year, no management functions of the Corporation were, to any substantial degree, performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation, except for services provided by Erdene. The Corporation shares office space, management and administrative supplies and services with Erdene. In return, the Corporation pays Erdene a flat monthly fee to reimburse Erdene for the Corporation's share of these services and supplies. See "*Executive Compensation – Employment, Consulting and Management Agreements*".

## **CORPORATE GOVERNANCE**

The Board endorses the efforts of the securities commissions or similar regulatory authorities across Canada in continuing the evolution of good corporate governance practices. The Board is committed to adhering to the highest standards in all aspects of its activities.

The corporate governance practices described below are subject to change as the Corporation evolves. Some of its practices are representative of its junior size; however, the Corporation has undertaken to periodically monitor and refine such practices as the size and scope of its operations increase. The Board shall remain sensitive to corporate governance issues and shall continuously seek to set up the necessary measures, control mechanisms and structures to ensure an effective discharge of its responsibilities without creating additional undue overhead costs and reducing the return on shareholders' equity.

### **Board of Directors**

The Board is currently comprised of four (4) directors, three (3) of whom are "independent" within the meaning of National Instrument 52-110, *Audit Committees* ("NI 52-110"). Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the corporation's board of directors, be reasonably expected to interfere with the exercise of the directors' independent judgment. In addition, certain individuals, by definition, are deemed to have a "material relationship" with the Corporation and therefore are deemed not to be independent.

John P. Byrne, Charles G. Pitcher and William (Bill) Ritchie are considered independent of the Corporation. John P.A. Budreski is not considered independent as he was an executive officer of the Corporation within the last three years.

The Board of Directors meets at least once each calendar quarter and following the annual meeting of Shareholders. Between the scheduled meetings, the Board of Directors meets as required. The frequency of the meetings and the nature of the meeting agendas are dependent on the nature of the business and affairs which the Corporation faces from time to time. The independent directors are given the opportunity to meet separately at the end of each

meeting of the Board of Directors, but do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. Having considered the current size of the Board of Directors, the majority of independent directors on the Board of Directors and the experience of the independent directors with other reporting issuers, the Board of Directors believes that separate meetings of the independent directors provide sufficient leadership for the independent directors.

## Directorships

The following current directors of the Corporation are presently serving as directors of other reporting issuers:

Director	Name of Other Reporting Issuer
John P.A. Budreski	EnWave Corporation (TSX-V) Sandstorm Gold Ltd. (TSX) NuLegacy Gold Corporation (TSX-V) Input Capital Corp. (TSX-V) Colossus Minerals Inc. (TSX)
John P. Byrne	Erdene Resource Development Corp. (TSX)

There were an aggregate of three formal Board meetings during the year ended December 31, 2018. The attendance record of each director at such meetings is as follows:

Director	Number of Meetings Attended
John P.A. Budreski	3/3
John P. Byrne	3/3
Charles G. Pitcher	3/3
J. William (Bill) Ritchie	3/3

In addition, there were informal meetings of the Board of Directors held from time to time, including after each meeting of the audit committee. Also, certain of the decisions of the Board of Directors since January 1, 2018, were passed by way of written consent following informal discussions among the directors and management.

## Board Mandate

The Board of Directors is responsible for the stewardship of the Corporation through the supervision of the business and management of the Corporation. This mandate is accomplished directly via meeting of the Board itself and also through the Corporation's Audit Committee.

The Board of Directors remains committed to ensuring the long-term viability and profitability of the Corporation, as well as the well-being of its employees and of the communities in which it operates. The strategic planning and business objectives developed by management are submitted to and reviewed by the full Board of Directors, both on a formal annual basis and on an on-going basis through regular interim reports from management. The Board of Directors also works with management to identify principal risks, to select and assess senior management and to review significant operational and financial matters. The Board of Directors reviews and approves the annual audited financial statements, the annual report, the annual budget and changes thereto, the interim management proxy information circulars, material press releases, annual management discussion and analysis, decisions as to material acquisitions not within the budget and the grant of stock options. The Board of Directors does not have a written mandate.

## **Position Descriptions**

The Board of Directors has an Audit Committee as noted above. The position description for the chair of the audit committee is contained in the charter for the committee. Among other things, the chair of the Audit Committee is required to ensure that the committee meets regularly and performs its duties as set forth in the charter, and reports to the Board of Directors on the activities of the committee.

The Board has not developed a written position description for the chairman of the Board of Directors or the CEO. Given the relatively small size of the Corporation, the Board of Directors believes that the role and responsibilities of the CEO are adequately described in his employment agreement as supplemented by communications at board meetings and in other communications between the Board of Directors and the Corporation's CEO.

## **Orientation and Continuing Education**

Given the size of the Board of Directors, there is no formal program for the orientation and education of new recruits to the Board of Directors. The Corporation does, however, ensure that all new directors receive a complete package with background as to the Corporation's business and outlining the securities law obligations and restrictions on members of the Board of Directors and the Corporation.

Continuing education helps Directors keep up to date on changing governance issues and requirements and legislation or regulations in their field of experience. The Board of Directors recognizes the importance of ongoing education for the Board of Directors and the need for each director to take personal responsibility for this process. To facilitate ongoing education, the Board of Directors may from time to time, as required:

- request that directors determine their training and education needs;
- arrange visits to the Corporation's projects or operations;
- arrange funding for the attendance by directors at seminars or conferences of interest and relevant to their position; and
- encourage participation or facilitate presentations by members of management or outside experts on matters of particular importance or emerging significance.

In 2008 and 2009, John P. Byrne (a member of the Audit Committee) participated in the Institute of Corporate Directors course at the Rotman School of Business at the University of Toronto and received the ICD.D designation.

## **Ethical Business Conduct**

In November 2012, the Board of Directors adopted a formal Code of Business Conduct and Ethics ("**Code**") and expects each of its directors, officers and employees to adhere to the standards set forth in the Code, which was designed to deter wrongdoing and to promote (i) honest and ethical conduct, (ii) confidentiality of corporate information, (iii) avoidance of conflicts of interest, (iv) protection and proper use of corporate assets, (v) compliance with applicable governmental laws, rules and regulations, (vi) prompt internal reporting to appropriate persons of violations of the Code, (vii) accountability for adherence to the Code, and (viii) the Corporation's culture of honesty and accountability.

The Board of Directors does not intend to monitor compliance with the Code; however, a copy of the Code is provided to each director, officer and employee, and to employees of Erdene providing services to the Corporation, and such person is required to sign an acknowledgement form under which they agree to adhere to the standards set forth in the Code. A copy of the Code is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Code specifically addresses, among other things, conflicts of interest, confidentiality, compliance with laws, the reporting of unethical behaviour and the reporting of accounting irregularities. Any submission received by the Audit Committee pursuant to the provisions of the Code must be reviewed by the Audit Committee. The Audit Committee will then determine whether an investigation is appropriate. The Committee and/or management will promptly investigate such submission and record the results in writing. All submissions must be treated confidentially to every extent possible, and the Audit Committee and any outside counsel must not reveal the identity of any person who makes the

submission and asks that his or her identity remain confidential. The Code specifically provides that any submission may be made without fear of dismissal, disciplinary action or retaliation of any kind.

The Board of Directors believes that the Corporation's size also facilitates informal review of and discussions with its officers and those employees of Erdene providing services to the Corporation to promote ethical business conduct and to monitor compliance with the Code.

In addition, the Corporation's Insider Trading Policy requires that all officers and directors of the Corporation, and members of their families who reside with them, pre-clear any trades in the Corporation's securities.

Certain of the Corporation's directors serve as directors or officers of other reporting issuers or have significant shareholdings in other companies. To the extent that such other companies may participate in business ventures in which the Corporation may participate, the directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms and such director will not participate in negotiating and concluding terms of any proposed transaction. In addition, any director or officer who may have an interest in a transaction or agreement with the Corporation is required to disclose such interest and abstain from discussions and voting in respect to same if the interest is material or if required to do so by corporate or securities law.

### **Nomination of Directors**

The Board has not appointed a nominating committee and does not have a formal process for identifying new candidates for Board nomination. When required, the Board will collaborate with management to identify potential candidates and to consider their appropriateness for membership on the Board.

### **Compensation**

Remuneration of the executive officers and the directors of the Corporation is determined by the Board, following recommendations of the Governance Committee. The Board also administers the Corporation's Plan, including any option grants to the directors and officers. In determining these salaries, compensation and option grants, the Board conducts an informal survey of comparable data in the mining industry, taking into account the size as well as the level of activity of the Corporation.

### **Audit Committee**

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

The charter of the Corporation's Audit Committee is attached to this Circular as Schedule A.

#### ***Composition of Audit Committee & Relevant Education and Experience***

The members of the Audit Committee are John P. Byrne (Chair), Charles G. Pitcher and J. William (Bill) Ritchie. Each of the foregoing is independent and financially literate within the meaning of NI 52-110. The education and experience of each Audit Committee member are described in this Circular under the section entitled "*Business to be Transacted at the Meeting – Election of Directors*".

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

At no time since the commencement of the Corporation's most recently completed financial year have any recommendations by the Audit Committee respecting the nomination and/or compensation of the Corporation's external auditor not been adopted by the Board.

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

In February 2009, the Audit Committee adopted the following schedule of pre-approved fees to KPMG LLP for non-audit services:

<u>Fee Amount</u>	<u>Authorization Required</u>
Up to \$7,000	Chief Financial Officer
\$7,001 – 10,000	Chairman of the Audit Committee
+ \$10,000	Audit Committee

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

The fees charged to the Corporation by its external auditor in each of the last two financial years are as follows:

	<b>Financial Year 2018</b>	<b>Financial Year 2017</b>
Audit Fees	\$36,993	\$36,930
Audit-Related Fees	\$Nil	\$Nil
Other Tax Fees <sup>(1)</sup>	\$8,173	\$8,650
All Other Fees <sup>(2)</sup>	\$Nil	\$4,805

Notes:

- (1) Fees paid for the preparation of corporate tax returns and other tax compliance related matters.
- (2) Fees paid for advisory services, including in relation to the Corporation's reduction in stated capital approved by Shareholders at the annual and special meeting held on June 14, 2017.

### **Governance Committee**

The Governance Committee is responsible for and oversees all aspects of the Corporation's governance and independence matters. Items that fall within the Governance Committee's oversight include recommendations on management compensation, recommendations for Board appointments, public disclosure, and the creation and deployment of appropriate systems, processes and controls for the proper and efficient functioning of the Corporation.

The Governance Committee presently consists of three directors, Messrs. Byrne, Pitcher and Ritchie, all of whom are independent as that term is defined in NI 52-110.

### **Assessments**

The responsibility for assessing directors on an ongoing basis is assumed in full by the Board and every director is entitled to bring the matter to the Board of Directors. The Board does not perform regular assessments; however, the Board believes that the size of the Corporation facilitates informal discussion and evaluation of the Board, its committees and its members.

### **PROPOSALS BY SHAREHOLDERS**

Pursuant to the CBCA, resolutions intended to be presented by Shareholders for action at the next annual meeting must comply with the provisions of the CBCA and be deposited at the Corporation's head office not later than January 20, 2020, in order to be included in the management information circular relating to the next annual meeting.



## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be obtained from the Corporation's public disclosure found on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative annual financial statements and management discussion & analysis ("MD&A") for its most recently completed financial year. The financial statements and MD&A are available on SEDAR at [www.sedar.com](http://www.sedar.com).

To request copies of the Corporation's financial statements or MD&A, Shareholders may contact Susanne Willett at Morien Resources Corp., Suite 1480, 99 Wyse Road, Dartmouth, Nova Scotia, B3A 4S5, Telephone (902) 466-7255, Fax (902) 423-6432.

## **APPROVAL OF CIRCULAR**

The contents and the sending of this Circular have been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS, as of the 17<sup>th</sup> day of April, 2019.

*(Signed) "Dawson Brisco"*

President and Chief Executive Officer

## **SCHEDULE A**

### **Audit Committee Charter**

#### **1.0 PURPOSE**

The Audit Committee ("**Committee**") is a standing committee of the board of directors ("**Board**") of Morien Resources Corp. ("**Corporation**") charged with assisting the Board in fulfilling its responsibility to the shareholders and investment community. The Committee's role is to:

- (a) serve as an independent and objective party to oversee the Corporation's accounting and financial reporting processes, internal control system and audits of its financial statements;
- (b) review and appraise the audit efforts of the Corporation's external auditor; and
- (c) provide an open avenue of communication among the independent auditor, financial and senior management and the Board.

#### **2.0 COMMITTEE MEMBERSHIP**

- 2.1 The Board shall annually appoint a minimum of three (3) directors to the Committee, the majority of whom shall be independent of management and free from any material relationship which, in the opinion of the Board, would interfere with the director's exercise of independent judgment as a member of the Committee.
- 2.2 All members of the Committee must be financially literate or, if not financially literate at the time of their appointments, must become so within a reasonable period of time following their appointments.
- 2.3 Members of the Committee shall be appointed at the first meeting of the Board held following the annual general meeting of the Corporation.
- 2.4 Any member may resign from the Committee and may be removed and replaced by the Board at any time. A Committee member may resign by providing notice in writing or by electronic transmission to the Corporation's secretary. Such resignation shall take effect upon receipt thereof or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- 2.5 A member of the Committee will automatically cease to be a member at such time as that individual ceases to be a director of the Corporation.

#### **3.0 CHAIR OF THE COMMITTEE**

- 3.1 The Board shall in each year appoint a chair of the Committee ("**Chair**") from among the members of the Committee. In the Chair's absence, or if the position is vacant, the Committee may select another member to act as interim Chair.
- 3.2 The Chair shall have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and shall, in any event, advise all other members of any decisions made or powers exercised as soon as practicable thereafter.
- 3.3 The Chair shall be responsible to:
  - (a) ensure the Committee meets regularly and performs its duties as set out herein; and
  - (b) report to the Board on the activities of the Committee.

## **4.0 RESPONSIBILITIES**

### **4.1 The Committee is responsible to:**

- (a) make recommendations to the Board regarding the selection and compensation of the external auditor to be engaged to prepare or issue an auditor's report or perform other audit, review or attest services for the Corporation who shall report directly to the Committee. The external auditor shall be accountable to the Board and the Committee;
- (b) obtain and review a report from the external auditor at least annually regarding:
  - (i) the external auditor's internal quality-control procedures;
  - (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the external audit firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm;
  - (iii) any steps taken to deal with any such issues; and
  - (iv) all relationships between the external auditor and the Corporation including non-audit services,
- (c) evaluate the qualifications, performance and independence of the external auditor, including considering whether the external auditor's quality controls are adequate and whether the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management and internal auditors, if any, and to present its conclusions with respect to the external auditor to the Board;
- (d) satisfy itself of the rotation of the audit partners as required by law and consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the external auditing firm on a regular basis;
- (e) meet with the external auditor and financial management of the Corporation to review and approve the scope of the proposed audit for the current year and the audit procedures to be used;
- (f) oversee the work of the external auditor engaged to prepare or issue an auditor's report or perform other audit, review or attest services for the Corporation, including the resolution of any disagreements between management and the external auditor regarding financial reporting;
- (g) pre-approve all non-audit services to be provided to the Corporation or any of its subsidiaries by the Corporation's external auditor;
- (h) recommend to the Board the compensation of the independent auditor;
- (i) review with management and, where appropriate, the external auditor:
  - (i) the Corporation's interim and annual audited financial statements and footnotes, management's discussion and analysis and any annual or interim financial news releases before the Corporation publicly discloses this information;
  - (ii) any significant changes required in the external auditor's audit plan and any serious difficulties or disputes with management encountered during the course of the audit; and
  - (iii) other matters related to the conduct of the audit that are to be communicated to the Committee under generally accepted auditing standards;

- (j) satisfy itself that the Corporation's interim and annual audited financial statements are fairly presented in accordance with applicable Canadian generally accepted accounting principles and recommend to the Board whether the annual financial statements should be approved and included in the Corporation's annual report;
  - (k) review with the external auditor and management the quality of the Corporation's accounting principles as applied in its financial reporting process and any proposed changes in accounting principles;
  - (l) satisfy itself that the Corporation has implemented appropriate systems of internal control over accounting, financial reporting and the safeguarding of the Company's assets and other "risk management" functions (including the identification of significant risks and the establishment of appropriate procedures to manage those risks and the monitoring of corporate performance in light of applicable risks) affecting the Corporation's assets, management and financial and business operations and that these are operating effectively;
  - (m) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters;
  - (n) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation; and
  - (o) perform any other activities consistent with this charter, the Corporation's By-Laws and governing law, as the Committee or the Board deems necessary or appropriate.
- 4.2 The Committee may delegate to one or more members the authority to pre-approve non-audit services in satisfaction of Section 4.1(g) above, provided that the pre-approval by any member to whom authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.
- 5.0 MEETINGS**
- 5.1 The Committee shall meet often as it deems necessary to carry out its responsibilities but not less frequently than quarterly.
- 5.2 No business shall be transacted by the Committee unless a quorum of the Committee is present or the business is transacted by resolution in writing signed by all members of the Committee. A majority of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one half of the number of members plus one shall constitute a quorum.
- 5.3 The Chairman will appoint a secretary ("**Secretary**") who will keep minutes of all meetings. The Secretary does not have to be a member of the Committee or a director and can be changed by simple notice from the Chair.
- 5.4 The time and place of meetings of the Committee, and the procedure in all respects of such meetings, shall be determined by the Committee, unless otherwise provided for in the By-Laws of the Corporation or otherwise determined by resolution of the Board.
- 5.5 Meetings may be held in person, by teleconferencing or by videoconferencing.
- 5.6 Any decision made by the Committee shall be determined by a majority vote of the members of the Committee present. A member will be deemed to have consented to any resolution passed or action taken at a meeting of the Committee unless the member dissents.

- 5.7 The approved minutes of the Committee meetings shall be circulated to the Board forthwith and shall be duly entered in the books of the Corporation.

#### **6.0 ACCESS TO MANAGEMENT AND OUTSIDE ADVISORS**

- 6.1 The Committee shall have full, free and unrestricted access to management and employees and to the relevant books and records of the Corporation.

- 6.2 The Committee may invite such other persons (e.g., the CEO, CFO, Controller) to its meetings, as it deems necessary.

- 6.3 The Committee shall have the authority to:

- (a) retain independent accounting or other relevant advisors as it may deem necessary or appropriate to allow it to discharge its responsibilities; and
- (b) set and pay the compensation of any such advisors, at the expense of the Corporation.

- 6.4 Any advisors retained shall report directly to the Committee.

#### **7.0 REPORTING REQUIREMENTS**

- 7.1 The Committee shall make regular reports to the Board, through the Chair, following meetings of the Committee.

#### **8.0 ANNUAL REVIEW AND ASSESSMENT**

- 8.1 The Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

- 8.2 The Committee shall review its own performance annually

#### **9.0 REMUNERATION**

- 9.1 The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

**SCHEDULE B**  
**SUMMARY OF KEY TERMS OF SHAREHOLDER RIGHTS PLAN**

The summary of the Rights Plan set out herein only includes the material terms and conditions of the Rights Plan. This summary is qualified by and is subject to the full terms and conditions of the Rights Plan Agreement, a copy of which is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Rights

The Rights Plan provides that certificates representing Common Shares issued and outstanding at the effective date of the Rights Plan Agreement, or issued after such date but prior to the close of business on the earlier of the Separation Time (defined below) and earlier termination or expiry of the Rights, will evidence one right (a "**Right**") per Common Share.

Trading of Rights

Notwithstanding the effectiveness of the Rights Plan, the Rights are not exercisable until the Separation Time. Certificates for the Common Shares issued after the effective date of the Rights Plan are to contain a notation referencing the Rights Plan. Until the Separation Time, or earlier termination or expiry of the Rights, the Rights are evidenced by and transferred with the associated Common Shares. After the Separation Time, the Rights would become exercisable and become transferable separate from the associated Common Shares. The initial "**Exercise Price**" will be \$50, subject to adjustment pursuant to the Rights Plan.

Separation of Rights

The Rights would become exercisable and begin to trade separately from the associated Common Shares at the "**Separation Time**", which would generally be the close of business on the tenth trading day after the earliest to occur of:

- (a) first date of public announcement (which shall include, without limitation, a report filed pursuant to Section 5.2(1) of National Instrument 62-104 – *Take-Over Bids and Issuer Bids* ("**NI 62-104**")) by the Corporation or an Offeror (as defined below) or a person (an "**Acquiring Person**") who is or becomes the beneficial owner of 20% or more of the outstanding Voting Shares (as defined below) of facts indicating that a person has become an Acquiring Person;
- (b) the date of commencement of, or the first public announcement of an intent of any person (other than the Corporation or any of its subsidiaries) to commence, a take-over bid (other than a Permitted Bid or a Competing Permitted Bid) or such later date as determined by the Board; and
- (c) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such or such later date as determined by the Board.

Promptly following the Separation Time, separate certificates evidencing Rights ("**Rights Certificates**") will be mailed to the holders of record of Rights as of the Separation Time.

### When Rights Become Exercisable

After the Separation Time, each Right will entitle the holder thereof to purchase one Common Share at the Exercise Price. Following a transaction pursuant to which a person becomes an Acquiring Person (a "**Flip-in Event**"), each Right will constitute the right to purchase from the Corporation upon exercise such number of Common Shares which would have an aggregate Market Price (as of the date of the Flip-In Event) equal to twice the Exercise Price for an amount in cash equal to the Exercise Price. In such event, any Rights beneficially owned by an Acquiring Person (including affiliates, associates and others acting jointly or in concert therewith), or a transferee or any such person, would be void. The "**Market Price**" is defined as the average of the daily closing prices per Common Share on each of the 20 consecutive trading days through and including the trading day immediately preceding the Separation Time (assuming the Common Shares are listed on a recognized stock exchange).

### Permitted Bids

The Rights Plan includes a Permitted Bid concept whereby a take-over bid would not trigger a separation of the Rights, and will not cause the Rights to become exercisable, if the bid meets certain conditions. A "**Permitted Bid**" is defined as an offer to acquire "**Voting Shares**" (Common Shares and any other shares in the capital of the Corporation entitling the holders thereof to vote generally in the election of all directors) or securities that are convertible into Voting Shares made by means of a take-over bid circular where the Voting Shares (including Voting Shares that may be acquired upon conversion of securities convertible into Voting Shares) subject to the offer, together with Voting Shares beneficially owned by the offeror at the date of the offer (including its affiliates, associates and others acting jointly or in concert therewith), constitute 20% or more of the outstanding Voting Shares and that also complies with the following additional provisions:

- (a) the bid must be made to all registered holders of Voting Shares (other than the offeror) and for all Voting Shares (other than the Voting Shares held by the offeror);
- (b) the bid must contain the following conditions:
  - (i) no Voting Shares and/or convertible securities will be taken up or paid for prior to the close of business on the date which is not less than one hundred and five (105) days following the date of the bid or such shorter period that a take-over bid (that is not exempt from the general take-over bid requirements of applicable Canadian securities laws) must remain open for deposits of securities thereunder pursuant to applicable Canadian securities laws, and then only if more than 50% of the Voting Shares held by Independent Shareholders (as defined below) have been deposited to the bid and not withdrawn;
  - (ii) Voting Shares and/or convertible securities may be deposited pursuant to the bid at any time during the period described in (b)(i) above;
  - (iii) Voting Shares and/or convertible securities deposited pursuant to the bid may be withdrawn until taken up and paid for; and
  - (iv) if the deposit condition referred to in (b)(i) above is satisfied, the offeror will make a public announcement of that fact on the date the bid would otherwise expire, and the bid will be extended for a period of at least ten days from the date it would otherwise expire.

"**Independent Shareholders**" are the holders of Voting Shares other than (i) any Acquiring Person or any person who has announced a current intention to make, or who makes and has outstanding, a take-over bid for the Corporation (an "**Offeror**") or any affiliate or associate of such Acquiring Person or such Offeror, or any person acting jointly or in concert with such Acquiring Person or such Offeror, or (ii) any employee benefit plan, stock purchase plan, deferred profit sharing plan or any similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of any such plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a take-over bid.

### Competing Permitted Bids

A "**Competing Permitted Bid**" is a take-over bid is made while a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of such Permitted Bid or Competing Permitted Bid, and satisfies all the components of the definition of a Permitted Bid, except that the take-over bid is to contain, and the take up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified condition that no Voting Shares and/or convertible securities shall be taken up or paid for pursuant to such take-over bid prior to the close of business on the date that is not earlier than the minimum number of days such take-over bid must be open for deposits of securities thereunder pursuant to applicable Canadian securities laws, including NI 62-104, after the date such take-over bid is made and only if at that date, more than fifty percent (50%) of the then outstanding Voting Shares held by Independent Shareholders have been deposited or tendered to the Competing Permitted Bid and not withdrawn.

### Redemption and Waiver

Under the Rights Plan, the Board of Directors is permitted to (i) waive the application of the Rights Plan to enable a particular take-over bid to proceed, or (ii) elect to redeem the Rights at a redemption price of \$0.00001 per Right at any time prior to a Flip-in-Event. The Board will be deemed to have elected to redeem the Rights if a bidder successfully completes a Permitted Bid or Competing Permitted Bid.

### Protection Against Dilution

The Exercise Price, the number and nature of securities which may be purchased upon the exercise of Rights and the number of Rights outstanding would be subject to adjustment from time to time to prevent dilution in the event of stock dividends, subdivisions, consolidations, reclassifications or other changes in the outstanding Common Shares, distributions to holders of Common Shares and other circumstances where adjustments are required to appropriately protect the interests of the holders of Rights.