

**Your Vote is Important. Please Vote Your Shares Today.**

If you have questions or require assistance with voting, you may contact our proxy solicitation agent:

**LAUREL HILL ADVISORY GROUP**

North American Toll-Free Number: 1-877-452-7184

Collect Calls Outside North America: 416-304-0211

Email: [assistance@laurellhill.com](mailto:assistance@laurellhill.com)

**COPPER MOUNTAIN MINING CORPORATION**  
**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual and Special Meeting (the “Meeting”) of Shareholders of **COPPER MOUNTAIN MINING CORPORATION** (the “Corporation” or “Copper Mountain”) will be held on the 20<sup>th</sup> day of June, 2018, at the hour of 2:00 p.m. (Vancouver Time) at the Terminal City Club, 837 West Hastings Street, Vancouver BC, for the following purposes:

1. To receive the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2017 together with the report of the Auditors thereon;
2. To fix the number of directors to be elected at eight;
3. To elect directors for the ensuing year;
4. To appoint PricewaterhouseCoopers LLP as auditors of the Corporation for the ensuing year and to authorize the Directors to fix their remuneration;
5. To consider, and if deemed appropriate, to approve by ordinary resolution, the amendment of the Corporation’s Amended Stock Option Plan effective June 13, 2011 to increase the number of Common Shares issued from a fixed number to a rolling 9.5% of the Corporation’s issued Common Shares and to make consequential amendments;
6. To consider and, if deemed appropriate, approve the non-binding advisory resolution to accept the Company’s approach to executive compensation; and
7. To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.




Accompanying this Notice is the Corporation’s Management’s Proxy Circular, a form of Proxy and a Financial Statement Request Form. The accompanying Management Proxy Circular provides additional information relating to the matters to be dealt with at the Meeting and is supplemental to and expressly made a part of this Notice of Meeting.

If you are a registered shareholder of the Corporation and are unable to attend the Meeting in person, please complete, date and execute the accompanying form of proxy and deposit it with Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Fax 866-249-7775, email: [service@computershare.com](mailto:service@computershare.com) on or before 2:00 pm (Vancouver time) on June 18, 2018 or if the Meeting is adjourned, not less than 48 hours including Saturdays, Sundays and holidays) prior to any adjournment. Non-registered holders of Shares should complete and return the voting instruction form or other authorization provided to them in accordance with the instructions provided therein.

DATED at Vancouver, British Columbia, this 18<sup>th</sup> day of May, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "James O'Rourke"  
President and Chief Executive Officer

<b>Voting Methods</b>	 <b>Internet</b>	 <b>Telephone or Fax</b>	 <b>Mail</b>
<b>Registered Shareholders</b> <i>Shares held in own name</i>	Vote online at <a href="http://www.investorvote.com">www.investorvote.com</a>	Telephone: 1-866-732-8683 Fax: 1-866-249-7775	Return the form of proxy in the enclosed postage paid envelope.
<b>Non Registered Shareholders</b> <i>Shares held with a broker, bank or other intermediary.</i>	Vote online at <a href="http://www.proxyvote.com">www.proxyvote.com</a>	Call or fax to the number(s) listed on your voting instruction form.	Return the voting instruction form in the enclosed postage paid envelope.

**COPPER MOUNTAIN MINING CORPORATION**  
1700-700 West Pender Street  
Vancouver, British Columbia V6C 1G8

**MANAGEMENT PROXY CIRCULAR**  
(as at May 18, 2018 unless otherwise specified)

**SOLICITATION OF PROXIES**

This Management Proxy Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of **COPPER MOUNTAIN MINING CORPORATION** (the “Corporation” or “Copper Mountain”) for use at the Annual and Special Meeting of shareholders of the Corporation (and any adjournment thereof) (the “Meeting”) to be held on June 20, 2018 at the hour of 2:00 PM (Vancouver time) at the Terminal City Club, 837 West Hastings Street, Vancouver BC for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Corporation at nominal cost, or by outside parties. The Corporation has engaged Laurel Hill Advisory Group as its proxy solicitation agent and will pay it fees of up to \$35,000 in addition to certain out-of-pocket expenses. All costs of solicitation by management will be borne by the Corporation.

Additionally, CMMC may use Broadridge’s QuickVote™ service to assist shareholders who do not hold Common Shares in their name (ie. non-registered shareholders) (“Beneficial Shareholders”) with voting their Common Shares. Eligible Beneficial Shareholders may be contacted by the Corporation’s proxy solicitation agent, Laurel Hill Advisory Group, to conveniently vote directly over the telephone. Broadridge then tabulates the results of all instructions received and provides the appropriate instructions with respect to the Common Shares to be represented at the Meeting.

If you have any questions about the Meeting, the resolution to be passed at the Meeting, including the resolution to amend the Corporation’s Stock Option Plan or the proxy materials or if you need assistance submitting your form of proxy or voting your Common Shares or need additional copies of this document or the enclosed form of proxy, you should contact the Corporation’s proxy solicitation agent, Laurel Hill Advisory Group, by telephone at 1-877-452-7184 toll-free in North America or at 416-304-0211 for collect calls outside of North America or by email at [assistance@laurelhill.com](mailto:assistance@laurelhill.com).

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

The contents and the sending of this Management Proxy Circular (the “Circular”) have been approved by the Directors of the Corporation.

**APPOINTMENT AND REVOCATION OF PROXIES**

The individuals named in the accompanying form of proxy are a director or officer of the Corporation. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT THE SHAREHOLDER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.** Such shareholder should notify the nominee of his or her appointment and instruct the nominee on how the Common Shares are to be voted.

A proxy will not be valid for the Meeting or any adjournment or postponement thereof unless it is signed by the shareholder or by the shareholder’s attorney authorized in writing or, if the shareholder is a corporation, it

must be executed under corporate seal or by a duly authorized officer or attorney of the corporation and delivered to the Corporation, c/o Computershare Investor Services Inc., 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department or by fax at 1-866-249-7775 (toll-free in North America) or 1-416-263-9524 (collect outside of North America), not later than 2:00 p.m. (Vancouver time) on June 18, 2018, or if the Meeting is adjourned or postponed, no later than 48 hours (excluding weekends and statutory holidays in the province of British Columbia) before the Meeting is reconvened. Late proxies may be accepted or rejected by the chairman at his or her discretion and the chairman is under no obligation to accept or reject any particular late proxy. The deadline for the deposit of proxies may be waived or extended by the chairman at his discretion without notice.

Shareholders whose Common Shares are registered in their names may also vote their Common Shares using a touch-tone telephone by calling 1-866-732-8683 (toll-free in North America) or 1-312-588-4290 (collect outside of North America) or by the internet at [www.investorvote.com](http://www.investorvote.com). If voting by phone or on the internet, please follow the instructions carefully and ensure that you have your form of proxy in hand as you will be required to enter the control number located on the form of proxy. Your vote must be received not later than 2:00 p.m. (Vancouver time) on June 18, 2018, or if the Meeting is adjourned or postponed, no later than 48 hours (excluding weekends and statutory holidays in the Province of British Columbia) before the Meeting is reconvened. If you wish to attend the Meeting in person or appoint someone else to attend on your behalf, you must do so either by the internet, mail or fax. The telephone voting service is not available for this purpose.

If you are a registered shareholder, you can change or revoke a previously delivered vote by: (a) voting again on the internet or by telephone, or completing a new form of proxy that is dated later than the form of proxy previously submitted and depositing it with Computershare Investor Services Inc. in accordance with the instructions set out above no later than 2:00 p.m. (Vancouver time) on June 18, 2018, or, if the Meeting is adjourned or postponed, no later than 48 hours (excluding weekends and statutory holidays in the Province of British Columbia) before the Meeting is reconvened; (b) depositing a written statement with (i) Computershare Investor Services Inc. (executed by you or a person authorized to sign on your behalf) in accordance with the instructions set out above no later than 2:00 p.m. (Vancouver time) on June 18, 2018, or, if the Meeting is adjourned or postponed, no later than 24 hours (excluding weekends and statutory holidays in British Columbia) before the Meeting is reconvened or (ii) the scrutineers of the Meeting, addressed to the chair of the Meeting, prior to the commencement of the Meeting on the day of the Meeting, or if the meeting is adjourned postponed, prior to the commencement of the reconvened or postponed meeting on the day of such reconvened or postponed meeting; or (c) in any other manner permitted by law.

If you are a Beneficial Shareholder, contact your nominee for instructions on how to change or revoke your vote.

#### **ADVICE TO BENEFICIAL SHAREHOLDERS OF COMMON SHARES**

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name.** Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holder of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. In Canada, the majority of Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers, banks, trust companies or other intermediaries or nominees are prohibited from voting Common Shares for their clients. **Therefore, Beneficial Shareholders should ensure that the instructions regarding the voting of their Common Shares are communicated to the appropriate person on a timely basis.**

In Canada, brokers, banks, trust companies or other intermediaries or nominees are required to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Each nominee has its own

mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. In some cases, the voting instruction form provided to Beneficial Shareholders by their nominee is very similar, even identical, to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the nominee) on how to vote on behalf of the Beneficial Shareholder. Most brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge. Broadridge typically prepares a machine readable voting instruction form which is mailed to Beneficial Shareholders with a request that Beneficial Shareholders return the forms to Broadridge or follow specified telephone or internet based voting procedures. Broadridge then tabulates the results of the voting instructions received and provides appropriate instructions regarding the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge or voting instructions communicated to Broadridge well in advance of the Meeting in order to have such Common Shares voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his, her or its nominee, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares must do so as proxyholder for the registered shareholder. They should contact their nominee well in advance of the Meeting for instructions on how to do so.**

#### **VOTING OF PROXIES**

**IN THE ABSENCE OF ANY DIRECTION IN THE INSTRUMENT OF PROXY, IT IS INTENDED IF MANAGEMENT'S PROXYHOLDERS ARE SELECTED THAT THE COMMON SHARES REPRESENTED BY THE PROXY WILL BE VOTED IN FAVOUR OF THE FOLLOWING MOTIONS PROPOSED TO BE MADE AT THE MEETING AS STATED UNDER THE HEADINGS AND SUBHEADINGS IN THIS CIRCULAR:**

- **FIXING THE NUMBER OF DIRECTORS AT EIGHT;**
- **THE ELECTION OF DIRECTORS;**
- **THE APPOINTMENT OF AUDITORS;**
- **THE AMENDMENT TO THE CORPORATION'S AMENDED STOCK OPTION PLAN;**
- **AND**
- **THE ADVISORY VOTE ON EXECUTIVE COMPENSATION.**

The Common Shares represented by proxies will, on any poll where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made.

**SUCH COMMON SHARES WILL ON A POLL BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED BY THE SHAREHOLDER.**

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgement on such matters or business. At the time of the printing of this Management Proxy Circular, the management of the Corporation knows of no such amendment, variation or other matter which may be presented to the Meeting.

### **FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2017, with the report of the auditor and related management discussion and analysis will be placed before the Meeting.

### **VOTES NECESSARY TO PASS RESOLUTIONS**

The resolutions to be presented at the Meeting for the fixing of the number of directors, the election of directors, the appointment of auditors, the amendment to the Corporation's Amended Stock Option Plan and the advisory vote on executive compensation are ordinary resolutions requiring the favorable vote of a majority of the Common Shares represented and voting in person or by proxy on such resolutions at the Meeting.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

Authorized Capital:	unlimited number of Common Shares without par value
Issued and Outstanding:	188,013,692 Common Shares without par value <sup>(1)</sup>

<sup>(1)</sup> As at May 16, 2018.

Only shareholders of record at the close of business on May 16, 2018, (the "Record Date") who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their shares voted at the Meeting.

On a show of hands, every individual who is present as a shareholder or as a representative of one or more corporate shareholders, or who is holding a proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common Share registered in his or her name on the list of shareholders, which is available for inspection during normal business hours at the offices of Computershare Investor Services Inc. and will be available at the Meeting.

To the knowledge of the directors and senior officers of the Corporation, there are no persons or companies who beneficially own directly or indirectly or exercise control or direction over Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Corporation other than: Anchor Bolt Capital LLC which has verbally advised management that it holds approximately 14% of the Common Shares.

### **APPOINTMENT OF AUDITORS**

The persons named in the accompanying proxy intend to vote for the appointment of PricewaterhouseCoopers LLP of 250 Howe Street, Suite 700, Vancouver, British Columbia V6C 3S7 and to authorize the directors to fix their remuneration. PricewaterhouseCoopers LLP was appointed as auditors of the Corporation on May 6, 2009.

See Section "Audit Committee" for disclosure on the Corporation's Audit Committee and fees paid to its Auditors in 2016 and 2017.

## **ELECTION OF DIRECTORS**

The Board of Directors presently consists of nine directors. The number previously set by the shareholders of the Corporation for the number of directors was seven. In accordance with the Articles of the Corporation, two additional directors have been or are being added to the Board of Directors prior to the Meeting – Dr. Alistair Cowden on April 18, 2018 upon the completion of the acquisition by the Corporation of Altona Mining Limited (“Altona”) and Mr. Gil Clausen on June 1, 2018, upon the commencement of his position as President and Chief Executive Officer of the Corporation. In addition, Mr. John Tapics and Mr. Rod Shier will retire from the Board of Directors at the Meeting and Mr. Bill Washington is being nominated for election to the Board of Directors at the Meeting. It is intended to elect eight directors for the ensuing year. As required by the Articles of the Corporation, the shareholders will be requested at the Meeting to pass an ordinary resolution to fix the number of directors at eight. The Board of Directors recommends that shareholders vote for the resolution fixing the number of directors of the Corporation at eight.

A brief biography of each nominee for director is presented below:

**James C. O’Rourke**, P.Eng, graduated in 1964 with a B.A.Sc. degree in Mining Engineering from the University of British Columbia. He gained valuable mine development and operating experience while involved in the start-up phase of five major mines over 14 years with Placer Development Limited. Jim has more than 30 years of hands-on experience in mine evaluations, financing development, marketing and operations in Canada, the United States, South America and the Philippines. As President of Princeton Mining Corporation (1987–1997), he was responsible for the acquisition of the Similco open pit copper mine; the evaluation, financing and development of the Cassiar underground block cave mine; and the acquisition, evaluation, financing and development of the Huckleberry open pit copper mine in northern BC and the Copper Mountain Mine.

Jim was a founding shareholder and appointed President and Chief Executive Officer of the Corporation on its incorporation on April 20, 2006. As the President and Chief Executive Officer of the Corporation, Jim has overall responsibility for management of the day-to-day affairs of the Corporation including maintaining and developing strategic plans for the Corporation and successfully implementing such plans, providing leadership to the Corporation’s staff, coordinating the preparation of an annual business plan and providing timely, strategic, operation and reporting information to the Board of Directors. Jim is a former President of Huckleberry Mines Limited and a director of numerous public and private companies in mining and property development. Jim has served as a director of the Mining Association of Canada (1987–1990), the Vancouver Board of Trade (1990) and Chairman (1992) and Director (1987–Present) of the British Columbia Mining Association. Jim was inducted into the Canadian Mining Hall of Fame in 2012 and was the 2011 recipient of the Order of British Columbia, the recipient of the Mining Person of the Year award for British Columbia in 2010, and the 2005 recipient of the Edgar A. Scholz Medal for Excellence in Mine Development in British Columbia and the Yukon.

With the appointment of Gil Clausen as President and Chief Executive Officer on June 1, 2018, Jim will become non-executive Chairman of the Corporation.

Jim is currently a director of Discovery One Investment Corp.

**Gilmour Clausen**, P.Eng. is a mining executive with more than 30 years’ experience in the areas of management, finance, development and operations in the base metals and precious metals industry. Gil is the Chief Executive Officer of Brio Gold Inc. and has held that position since 2015 and will cease to be such prior to June 1, 2018. Gil will become the President and Chief Executive Officer and director of the Corporation on June 1, 2018. Gil was President, Chief Executive Officer and a director of Augusta Resource Corporation from its inception in 2005 until Augusta was acquired by HudBay Minerals Inc. in July 2014. He was Executive Vice President, Mining at Washington Group International, Inc. from 2001 to 2005 and served as the Vice President of Operations of

Stillwater Mining Company from 1995 to 1999. Prior to 1995, Gil was a mine general manager at several precious and base metals operations of Placer Dome Inc in British Columbia and Ontario.

Gil is a registered Professional Engineer in the province of British Columbia with Bachelors and Masters degrees in Mining Engineering from Queen's University. He is a graduate of Queen's University's executive business program and the Harvard University Business School's program in corporate board governance.

Gil is also currently a director of Plata Latina Minerals Corporation and Golden Star Resources Ltd.

**Bruce Aunger**, CA served as a senior executive and is Chief Financial Officer and Executive Vice-President of Madison Venture Corporation from 1988 to 2015. Bruce serves as Secretary of Glacier Media, Inc. and GVIC Communications Corp. He was employed by Arthur Andersen, Chartered Accountants, for 11 years and served as a partner for seven years. He has many years of experience in the accounting, financial, taxation and financing fields. Bruce has been a director of Glacier Media Inc. and GVIC Communications Corp. since April 28, 2000 and has been a director of Unisync Corporation since 2005. Mr. Aunger obtained a BA degree in Commerce from Simon Fraser University.

**Al Cloke** is a senior executive with proven leadership, team building and market development skills with a track record of successfully managing the profitable growth of mining distribution businesses. Al has worked 40 years in and as a supplier to the mining industry. Al was involved in the growth of the oil sands in Fort McMurray, the coal business in the Elk Valley and Northeast coal. Past responsibilities and achievements include President of Bucyrus Canada Limited and President, Chief Executive Officer and partner of Transwest Dynequip Limited, sold to Sumitomo Corporation. He was chosen as British Columbia Mining Industry "Person of the Year" in 1995 and General Chairman of the CIM convention in Vancouver in 1997. He served on the Board of the Coal Association of Canada and the Board of Hillsborough Resources. Al was Chairman of B.C. Children's Hospital, Mining for Miracles campaign and co-founder of Fishing for Kids and Hooked on Miracles fundraising events for the mining industry and B.C. Children's Hospital. He is currently President of Cloke Holdings Ltd. Mr. Cloke is not currently a director of any other public company.

**Dr. Alistair Cowden** was founding Chairman of Vulcan Resources Limited in 2002 and subsequently Managing Director until the merger with Universal Resources Limited to form Altona in 2010 when he assumed the position of its Managing Director. Alistair was Managing Director of Altona until April 18, 2018 when Altona was acquired by the Corporation and at which time he was appointed to the Corporation's Board of Directors. Alistair currently does not hold any other directorships of listed companies.

Alistair has degrees in geology from the Universities of London and Edinburgh, BSc (Hons), PhD, MAusIMM and MAICD, and has spent thirty-five years in the Australian mining industry, initially with majors and in the last twenty-two years with junior companies. Alistair spent six years with Western Mining Corporation Limited at Kambalda in both nickel and gold mining and exploration. He was part of the discovery and development teams for several large gold mines in Australia and platinum mines in Zimbabwe whilst with Delta Gold NL and was subsequently instrumental in the listing of a number of junior companies which made discoveries in Australia.

**Marin Katusa**, Bsc. is a New York Times Best Selling author and a hedge fund manager focused on the natural resource sector. Marin has been a director of the Corporation since 2007. He is regularly interviewed on national television such as BNN, RT, Bloomberg and many other radio programs and newspapers for his opinions and insights regarding the resource sector. A regular part of his due diligence process for his funds includes property tours, which has resulted in him visiting hundreds of mining and energy producing and exploration projects all around the world. He graduated from the University of British Columbia. Marin is not currently a director of any other public company.



**Carl Renzoni**, B.Sc. (Hons) is a retired investment banker who worked at BMO Nesbitt Burns Inc. from June 1969 and more recently as a Managing Director up until his retirement in November 2001. Carl brings over 30 years of experience in the securities business specializing in the mining industry and has extensive knowledge of all aspects of corporate finance including mergers and acquisitions. Carl was a director of: Meridian Gold Inc until its takeover by Yamana Gold Inc in October 2007. He was a Director of Yamana Gold from 2007 until December 2017. Carl was also a Director of Peru Copper until its takeover by the Aluminum Corporation of China in June 2007. Carl received an Honours Bachelor of Science degree in Geology from Queen's University in Kingston, Ontario in 1963. Carl is not currently a director of any other public company.

**William Washington** is currently a Partner at Hydra Capital Partners Inc. Bill was previously Head of Global Mining & Metals at National Bank Financial Markets from July 2011 until his retirement from the firm at the end of 2015. Bill joined National Bank as part of the acquisition of Wellington West Capital Markets where he had served as Head of Investment Banking since August 2004. Prior to joining Wellington West, and always focused exclusively on the mining sector, he worked as an investment banker at National Bank Financial/First Marathon, Gordon Capital and Lancaster Financial/TD Securities from 1994. Prior to entering investment banking, Bill worked as a civil engineer on major infrastructure projects in the U.K., Spain and Hong Kong for six years. Bill is a director of Brio Gold Inc., having been appointed in 2016 and will cease to be a director on completion of the arrangement between Leagold Mining Corporation and Brio Gold Inc. Bill is also a director of Wesdome Gold Mines Ltd. Bill holds a Bachelor of Applied Science (Civil Engineering) from the University of British Columbia and has an MBA from the University of Western Ontario (Ivey). He has been awarded the ICD.D certification by the Institute of Corporate Directors.

The term of office of each of the present directors expires at the Meeting. The persons named on the following table will be presented for election at the Meeting as management's nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Corporation or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) (the "BCABC") or the Articles of the Corporation.

The following table states the name of each person proposed to be nominated by management for election as a director, the jurisdiction in which he is ordinarily resident, all offices of the Corporation now held by him, his principal occupation, the period of time for which he has been a director of the Corporation, and the number of Common Shares of the Corporation beneficially owned by him, directly or indirectly, or over which he exercises control or direction as at the date of this Circular.

The information as to place of residence, principal occupation and number of Common Shares beneficially owned or over which a nominee exercises control or direction, is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees.

Name, Position and Place of Residence	Principal Occupation	Previous Service as a Director	Number of Common Shares Owned	% of Comm on Shares Owned
<b>James O'Rourke</b> British Columbia, Canada <i>Chief Executive Officer, President to May 30, 2018 and Director</i>	President and Chief Executive Officer of the Corporation since incorporation on April 20, 2006.	since April 20, 2006	3,568,500 Common Shares	1.90%
<b>Gil Clausen</b> Colorado, USA <i>President and Chief Executive Officer of the Corporation and director effective June 1, 2018</i>	President and Chief Executive Officer of Brio Gold Inc. (resigning prior to June 1, 2018)	Since June 1, 2018	Nil	Nil
<b>Bruce Auger</b> <sup>(1)(3)(4)</sup> British Columbia, Canada <i>Director</i>	Retired. Former Chief Financial Officer and Executive Vice-President of Madison Venture Corporation since 1988 to 2015. Director of Glacier Media Inc., GVIC Communications Corp. and Unisync Corp.	since February 10, 2011	155,000 Common Shares	0.08%
<b>Al Cloke</b> <sup>(2) (3)</sup> British Columbia, Canada <i>Director</i>	Retired businessman, President of Cloke Holdings Ltd. (a private holding company).	since August 12, 2010	467,475 Common Shares	0.25%
<b>Dr. Alistair Cowden</b> Western Australia, Australia	Formerly Managing Director of Altona Mining Limited	since April 18, 2018	1,901,777 Common Shares	1.01%
<b>Marin Katusa</b> <sup>(1)(3)</sup> British Columbia, Canada <i>Director</i>	New York Times Best Selling author and a hedge fund manager focused on the natural resource sector since 2014. Former analyst, Casey Research from October 2006 to 2014.	since April 4, 2007	100,000 Common Shares	0.05%
<b>Carl Renzoni</b> <sup>(1)(3)</sup> Ontario, Canada <i>Director</i>	Retired; corporate director.	since March 18, 2008	280,000 Common Shares	0.15%
<b>William Washington</b> Ontario, Canada <i>Director</i>	Corporate Director and Investment Banker.	Being nominated at the Meeting	90,000 Common Shares	0.05%

- (1) Denotes member of Audit Committee.
- (2) Denotes member of Corporate Governance Committee.
- (3) Denotes member of Compensation Committee.
- (4) Denotes Lead Director, ceasing to be such as at June 1, 2018.

The Corporation's Board of Directors does not contemplate that any of its nominees will be unable to serve as a director. If any vacancies occur in the slate of nominees listed above before the Meeting, then the

proxyholders named in the accompanying form of proxy intend to exercise discretionary authority to vote the shares represented by proxy for the election of any other persons as directors.

The Corporation is not aware that any current director or officer of the Corporation had been a director or officer of another issuer which, while that person was acting in that capacity (a) became bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangements or compromises with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) was the subject of a cease trade or similar order or was subject to an event that resulted, after the director or the officer ceased to be a director or the executive officer, in the company being the subject of a cease trade or similar order that denied the company relevant access to any exemption under securities legislation for a period of more than 30 consecutive days.

#### **Directors' and officers' insurance and indemnification**

The Corporation has entered into agreements to indemnify its directors for liabilities incurred while performing their duties, to the extent permitted by law. The Corporation also maintains insurance, which protects directors and officers of the Corporation against claims made, provided they acted in good faith on behalf of the Corporation, and subject to policy restrictions. Such insurance currently provides for an annual aggregate limit of \$10 million coverage with a \$25,000 deductible. Where the Corporation is not able to indemnify the insured persons, the deductible is nil. The approximate premium associated with the insurance protection of individual directors and officers was \$43,500 for 2017.

#### **AUDIT COMMITTEE**

Pursuant to section 224 of the BCABC, the Corporation is required to have an audit committee composed of not less than 3 directors of the Corporation, a majority of whom are not officers or employees of the Corporation or any of its affiliates.

The Corporation must also, pursuant to the provisions of NI 52-110, provide the following information regarding its Audit Committee to its shareholders in this Circular.

#### **Audit Committee Charter**

The Corporation has a written charter (the "Audit Committee Charter") which sets out the duties and responsibilities of the Audit Committee, the text of which is attached as Schedule "A" hereto.

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

At the present time, the Corporation's Audit Committee is composed of Bruce Aunger Chairman, (financially literate and independent), Marin Katusa (financially literate and independent) and Carl Renzoni (financially literate and independent).

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

*Bruce Aunger, CA*

**Mr. Aunger** is a Chartered Accountant. He was Chief Financial Officer and Executive Vice-President of Madison Venture Corporation from 1988 to 2015. Previously he was a tax partner at Arthur Andersen, Chartered Accountants, for 11 years and served as a partner for 7 years. He has many years experience in the accounting, financial, taxation and financing fields.

*Marin Katusa, B.Sc.*

**Mr. Katusa** graduated from the University of British Columbia with a Bachelor of Science degree and a Bachelor of Education. He is a hedge fund manager focused on the natural resource sector with intimate knowledge of the mining business and has performed detailed financial analysis on mining

companies including due diligence visits on hundreds of mining, energy producing and exploration projects globally.

*Carl Renzoni, B.Sc (Hons)*

**Mr. Renzoni** is a retired investment banker who worked at BMO Nesbitt Burns Inc. from June 1969 and more recently as a Managing Director up until his retirement in November 2001. Mr. Renzoni brings over 30 years of experience in the securities business specializing in the mining industry and has extensive knowledge of all aspects of corporate finance including mergers and acquisitions. Mr. Renzoni has served on the boards of several public companies, including Yamana Gold for 10 years, over his career.

*John Tapics, P.Eng*

**Mr. Tapics** is a retired senior executive with over 35 years of mine planning and operation experience. Mr. Tapics graduated in 1975 with an honours B.Sc. degree in mining engineering from Queen's University. From 2005 to 2013 Mr. Tapics was President & Chief Executive Officer of Compliance Energy Corporation, a mining company. Mr. Tapics was a director of Prairie Mines and Royalty Ltd. until its takeover by Sherritt International Corporation and has been a director of several other mining companies. From October 2001 to February 2005, Mr. Tapics held the positions of President and Chief Executive Officer of the Alberta Electric System Operator and the Balancing Pool of Alberta. From 1988 to 2001, as Director, Fuel Supply and Executive Vice President, Mr. Tapics was responsible for the operation of TransAlta Corporation's Highvale and Whitewood Mines producing over 13 million tonnes of coal per year. Mr. Tapics has also served as a director of the Coal Association of Canada, the British Columbia Mining Association, the Canadian Electricity Association and the Western Power Institute.

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

Other than as described herein, none of the Corporation's directors or executive officers is, as of the date of this Circular, or was within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that (i) while that person was acting in that capacity, was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "Order"), or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as described herein, none of the Company's directors or executive officers, nor, to its knowledge, any shareholder holding a sufficient number of its securities to affect materially the control of the Corporation (i) is, as of the date of this Circular, or has been within the 10 years before the date of this Circular, 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 the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

From September 2005 to June 2013, Mr. Clausen was a director of Jaguar Mining Inc. ("Jaguar"). On December 23, 2013, approximately nine months after Mr. Clausen notified the board of directors of Jaguar that he would not stand for re-election at its annual shareholders' meeting in June 2013, Jaguar commenced proceedings under the *Companies' Creditors Arrangement Act* (Canada) in respect of a restructuring of its debt. In December 2014, the Ontario Superior Court of Justice ordered that such proceedings be terminated.

**Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

**External Auditor Service Fees (By Category)**

The aggregate fees billed by the Corporation’s external auditors for audit fees in each of the last two full financial years are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees <sup>(1)</sup></b>	<b>Tax Fees <sup>(2)</sup></b>	<b>All Other Fees <sup>(3)</sup></b>
December 31, 2017	\$256,400	\$109,000	\$30,000	Nil
December 31, 2016	\$185,000	\$54,000	\$20,000	Nil

- (1) Fees charged for assurance and related services reasonably related to the performance of an audit, and are not included under “Audit Fees”.
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than as disclosed in any other column.

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

In accordance with the requirements of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) and National Policy 58-201 *Corporate Governance Guidelines* (the “Guidelines”), the Corporation is required to give full and complete disclosure of its systems of corporate governance. The Board of Directors of the Corporation is committed to good corporate governance practices; however it considers that some of the Guidelines are not suitable for the Corporation at its current stage of development and therefore all such Guidelines have not been adopted. The following describes the Corporation’s approach to corporate governance:

**Mandate of the Board of Directors**

The Board of Directors has adopted a formal mandate as outlined in the Corporation’s Corporate Governance Charter and the Directors Policies and Procedures Manual (the “Manual”). The Manual mandates that the Board of Directors is responsible for the stewardship of the management of the business and for acting in the best interests of the Corporation and its shareholders.

Pursuant to this mandate, the Board of Directors has responsibilities for the assignment to the various committees of directors the general responsibility for developing the Corporation’s approach to: (i) corporate governance; (ii) financial reporting and internal controls; and (iii) compensation of officers and senior employees. With the Corporate Governance Committee, the Board of Directors oversees the composition of the Board of Directors, the implementation of any diversity policy as determined appropriate, and selection of nominees to the Board of Directors, the integrity of the Corporation and the Chief Executive Officer, Board of Directors assessment, orientation and education, and approves disclosure policies and the assessment of the effectiveness of the Board of Directors and its committees and the Chief Executive Officer.

The Board of Directors, with the assistance of the Audit Committee, oversees internal controls and management information systems, approves the capital and operating budgets, ensures the Corporation’s ethical behavior and compliance with laws and identifies the principal risks of the Corporation’s business and ensures that appropriate systems are in place to manage these risks.

In addition, the Board of Directors, with the assistance of the Compensation Committee, establishes a compensation philosophy, approves the compensation of the Chief Executive Officer and of the senior management team, with the assistance of the Chief Executive Officer, oversees succession planning, and approves compensation for the directors.

The Board of Directors oversees the development of the strategic planning process, reviews corporate objectives and goals, reviews and approves capital operating budgets, reviews material transactions outside the ordinary course of business and such other major corporate matters and establishes objectives for exploration and development activities, monitors matters relating to exploration and development and develops a culture of environmental responsibility.

In addition, the Manual has written charters for each of the Audit Committee, Compensation Committee and Corporate Governance Committee. The Manual contains a code of ethics, policies dealing with issuance of news releases and disclosure documents as well as share trading, reporting and black-out periods. Further the Manual encourages but does not require continuing education for its directors.

The Board of Directors consists of a majority of independent directors. The independent directors exercise their responsibilities for independent oversight of management, and provide leadership through their majority control of the Board of Directors and ability to meet independently of management whenever deemed necessary.

The Corporation has not developed written position descriptions for the chair persons of the Audit Committee, Corporate Governance Committee or Compensation Committee. Mr. Aunger is the Chairman of the Audit Committee, Mr. Renzoni is Chairman of the Corporate Governance Committee and Mr. Cloke is Chairman of the Compensation Committee. The Chair of the respective Committees ensures adherence to the applicable Committee's Charter and provides leadership to the Committees during their respective meetings.

### **Board of Directors**

The Board of Directors currently consists of eight directors, Jim O'Rourke, the President and Chief Executive Officer of the Corporation, Rodney Shier, the Chief Financial Officer and Corporate Secretary of the Corporation, Carl Renzoni, Marin Katusa, John Tapics, Al Cloke, Bruce Aunger and Dr. Alistair Cowden. Mr. Aunger serves as the Lead Director. Effective June 1, 2018, Gil Clausen will become President and Chief Executive Officer and a director and Jim O'Rourke will become Chairman. Mr. Aunger will no longer be Lead Director from that time.

NI 58-101 distinguishes independent and non-independent directors. For the purposes of NI 58-101, Messrs. O'Rourke, Shier and Cowden do not qualify as independent directors as they are executive officers of the Corporation or its subsidiaries. See "Statement of Executive Compensation – *Compensation of Directors*". Messrs. Renzoni, Katusa, Tapics, Cloke and Aunger were independent directors pursuant to NI 58-101 during 2017. Accordingly, the majority of the directors are independent of management.

### **Corporate Governance Committee Charter**

The Corporation has a written charter for its Corporate Governance Committee which sets out the duties and responsibilities of that committee. The Corporate Governance Committee is tasked with assessing the effectiveness of the Board of Directors as a whole as well as assessing the contribution of individual members; determining and recommending to the Board of Directors the size of the Board of Directors; determining whether directors are unrelated or independent; assessing the Corporation's governance; proposing new nominees for appointment to the Board of Directors; proposing any diversity policy to the Board of Directors, as deemed advisable, establishing and monitoring a Code of Business Conduct and Ethics; proposing the composition of Committees; and orienting new directors. The Corporate Governance Committee meets at least once per annum or more frequently as circumstances require and met twice during 2017.

The Corporate Governance Committee ensures that an effective and efficient approach to corporate governance is developed and implemented. The objective is to ensure the business and affairs of the Corporation are carried out in a manner that will enhance shareholder value. This Committee assesses the effectiveness of corporate governance at the Corporation and makes recommendations accordingly. This includes the mandates and terms of reference of the Committees and Director evaluation processes, policies that govern size and composition of the Board of Directors, the voting for directors, recommending nominees to the Board of Directors and the composition of Board of Directors committees in consultation with the Chairman.

### **Composition of the Corporate Governance Committee**

As at May 18, 2018, the Corporation's Corporate Governance Committee is composed of Carl Renzoni, John Tapics and Al Cloke.

### **Recruitment of New Directors and Assessment of Board of Directors Performance**

Good governance policies require that (i) every Board of Directors of a listed corporation implement a process for assessing the effectiveness of the Board of Directors and the committees of the Board of Directors and the contribution of individual directors, (ii) every corporation provide an orientation and education program for new directors, and (iii) every board review the adequacy and form of compensation of directors and ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director.

The Corporate Governance Committee has implemented a formal procedure for assessing and evaluating the Board of Directors as a whole and the effectiveness of its committees. A questionnaire is completed annually by each director on the Board of Directors, each committee and board member. The questionnaire is reviewed by the Chairman of the Corporate Governance Committee and discussed with the Corporate Governance Committee and the Board of Directors.

### **Continuing Education of Directors**

The Corporation, through its legal counsel annually keeps the Corporate Governance Committee abreast of key legal and governance matters relevant to the operations of the Corporation and their roles as directors. The Governance Committee regularly updates the Board of Directors on these matters, as required.

The Board of Directors visits the mine site annually and receives presentations from the mine site management. Also several directors that are Directors of the holding Company visit the mine site from time to time and report to the full Board of Directors. Directors receive monthly executive summary operating reports to keep abreast of operations between quarterly reporting periods.

### **Directors Term Limits**

The Corporation has not adopted term limits for the directors of the Board of Directors. The Board of Directors has determined that a director's length of tenure should not be presumed to indicate anything problematic. To ensure optimal governance of the Corporation by the Board of Directors, director renewal and replacement is managed in a manner to ensure that the Board of Directors can function effectively, while enabling new directors to gain a full understanding of the Corporation's business, its values, strategies, operations and objectives.

### **Policies Regarding Women on the Board of Directors and as Senior Manager**

The Corporate Governance Committee considers all candidates for the position of director, regardless of gender, race, or national origin. In 2015, the Corporate Governance Committee Charter was amended to specifically require that gender diversity be considered in proposing nominees to the Board of Directors. The Corporation has not adopted a written policy specifically relating to the identification and nomination of

women directors nor does the Board of Directors or the Corporate Governance Committee consider the level of representation of women on the Board of Directors when nominating candidates for election to the Board of Directors.

The Board of Directors and the Corporate Governance Committee evaluate potential nominees to the Board of Directors by reviewing the qualifications of the nominee, irrespective of gender, and determines their appropriateness by taking into consideration the then current Board of Directors composition, the skills of the Board of Directors, and the anticipated skills required to round out the capabilities of the Board of Directors. However, the Corporation values diversity, including, without limitation, diversity of experience, perspective, education, race, gender and national origin as part of its overall business strategy. No woman currently serves on the Corporation's Board of Directors.

In approving candidates to positions as a member of the executive management team, the Corporation does take into account the representation of women in the executive management team. The Corporation's objective is to identify the person who best possesses the skills required for each senior management position, regardless of gender. However, the Corporation values diversity, including, without limitation, diversity of experience, perspective, education, race, gender and national origin as part of its overall business strategy.

The Corporation has not adopted a target regarding women on its Board of Directors or in its executive management. The Corporation considers candidates based on their qualifications, personal qualities, business background and experience, and does not feel that targets necessarily result in the identification or selection of the best candidates.

As of the date of the Circular, no women held any executive officer positions within the Corporation, however there are several senior women managers in the Corporation's mining operations.

#### **Board of Directors Meetings**

The Board of Directors meets formally on a quarterly basis as required and on an ad hoc basis as needed to review the Corporation's business activities, and to consider and if thought fit, to approve matters presented to the Board of Directors for approval, and to provide guidance to management. The Board of Directors is updated by management between formal Board of Directors meetings. In general, management consults with the Board of Directors when deemed appropriate to keep the Board of Directors informed on the business of the Corporation. The independent directors of the Corporation meet without management present after every formal Board of Directors meeting under the direction of the Lead Director. The independent directors of the Corporation have open access to management and the other independent members of the Board of Directors and do meet once per year with the independent auditors without management being present. The Board of Directors facilitates the exercise of independent supervision over management through these various meetings. At present, the Board of Directors has three formal committees, namely, an Audit Committee, a Corporate Governance Committee and a Compensation Committee. When necessary the Board of Directors will strike a special committee of independent directors to deal with matters requiring independence. The composition of the Board of Directors is such that the independent directors have significant experience in business affairs. As a result these Board of Directors members are able to provide significant and valuable independent supervision over management. In addition, the Lead Director provides an interface between the Board of Directors and its members and management.

In the event of a conflict of interest at a meeting of the Board of Directors, the conflicted director will, in accordance with corporate law, and in accordance with his fiduciary obligations as a director of the Corporation, disclose the nature and extent of his interest to the meeting. He may be excused from the discussion and will abstain from voting on or against the approval of such an issue that gave rise to the conflict.

Under the direction of the Lead Director, the Board of Directors meets regularly on an in-camera basis, without management, at each Board of Directors meeting.



## **Directorships**

The following director or proposed director of the Corporation is also a director of other reporting issuers as set out below:

<b><u>Name of Director</u></b>	<b><u>Name of Reporting Issuer</u></b>
James O'Rourke	Discovery One Investment Corp.
Gilmour Clausen	Brio Gold Inc. <sup>(1)</sup> Plata Latina Minerals Corp. Golden Star Resources Ltd.
Bruce Aunger	Glacier Media Inc. GVIC Communications Corp. Unisync Corp.
William Washington	Brio Gold Inc. <sup>(1)</sup> Wesdome Gold Mines Ltd.

(1) Messrs. Clausen and Washington will cease to be directors of Brio Gold Inc. upon completion of the arrangement between Leagold Mining Corporation and Brio Gold Inc. which is expected to occur prior to May 31, 2018.

## **Orientation and Continuing Education**

The Corporation provides an orientation and education program for new directors which is overseen by the Corporate Governance Committee. Prior to joining the Board of Directors, potential Board of Directors members are encouraged to meet with management and inform themselves regarding management and the Corporation's affairs. After joining the Board of Directors, management and the Board of Directors chair provide orientation both at the outset and on an ongoing basis. The Corporation has a formal Manual that is continually updated, as required, which contains various documents such as the Board of Directors and the various committee charters that assist a director in performing their duties. In addition, the Chief Executive Officer will provide to the new director an overview of all of the Corporation's Articles and the quarterly Board of Directors meetings. The Corporation currently has no specific policy regarding continuing education for directors, and requests for education are encouraged, and dealt with on an ad hoc basis.

## **Director Election and Majority Voting Policy**

The Board of Directors believes that each of its Directors should carry the confidence and support of the Corporation's shareholders. Accordingly, the Board of Directors has a majority voting policy. To this end, the form of proxy for the vote at the Meeting enables shareholders to vote in favour of, or to withhold from voting, separately for each nominee. At the Meeting, at the discretion of the chair of the Meeting, a vote may be called by ballot and the scrutineers will record with respect to each nominee the number of Common Shares in his favour and the number of Common Shares withheld from voting. If, with respect to any particular nominee, the number of Common Shares withheld exceeds the number of Common Shares voted in favour of the nominee, then for purposes of the Company's policy, the nominee shall be considered not to have received the support of the shareholders, even though duly elected as a matter of corporate law.

A person elected as a Director who is considered under this test not to have the confidence of shareholders is required to immediately submit to the Board of Directors his resignation. The Corporate Governance Committee will promptly consider the Director's resignation and make a recommendation to the Board of Directors whether to accept it. In making its recommendation, the Committee will consider the reason why the votes were withheld, the skills and expertise of that Director, the overall composition of the Board of Directors and the skills and the expertise of the other directors. Any director who tenders his resignation will not participate in the deliberation unless the remaining directors do not constitute a quorum, in which case all directors may participate in the deliberations. Within 90 days of receiving the final voting results, the Board of Directors will decide whether to accept or not accept the resignation of that Director. The Board of Directors will accept the resignation unless exceptional circumstances exist. If the resignation is accepted,

subject to any applicable law, the Board of Directors may leave the resultant vacancy unfilled until the next annual general meeting, fill the vacancy through the appointment of a new Director whom the Board of Directors considers to merit the confidence of the shareholders, or call a special meeting of shareholders at which there will be presented one or more nominees to fill any vacancy or vacancies. If the resignation is not accepted, the Board of Directors will issue a press release disclosing the reasons for rejecting the resignation, with a copy being sent to the Toronto Stock Exchange (“TSX”).

### **Claw Back Policy**

The Board of Directors adopted a Clawback Policy that applies to the Named Executive Officers and certain other senior executives. The policy provides that the Corporation, at the recommendation of the Compensation Committee, may seek reimbursement for variable cash compensation awarded to an executive in situations where (a) there is an accounting error that resulted from gross negligence, fraud or intentional misconduct of any designated executive officer or officers that results in a substantial restatement of the Corporation’s financial statements filed with the securities commission in Canada (other than a restatement caused by a change in applicable rules or interpretations) and the price of the common shares has substantially decreased as a result of the restatement, (b) the incentive compensation would have been lower had the financial results been properly reported and (c) the restatement is within one year after the first filing of the financial statements.

### **Ethical Business Conduct**

The Board of Directors does have a written code of ethics and views good corporate governance as an integral component to the success of the Corporation. The primary step taken by the Corporation to encourage and promote a culture of ethical business conduct is to conduct appropriate due diligence on proposed directors, and ensure that proposed directors are of the highest ethical standards.

The Corporation has adopted a written code of Business Conduct and Ethics that is available upon request at the Corporation’s head office located at Suite 1700 – 700 West Pender Street, Vancouver, British Columbia, V6C 1G8 attention: the Chief Executive Officer.

The code of Business Conduct and Ethics states that employees, officers and directors of the Corporation shall avoid situations where their personal interest could conflict with, or even appear to conflict with, the interests of the Corporation and its shareholders. In the event that any potential conflict of interest arises involving an employee or an officer, the individual involved must immediately notify the Chief Executive Officer in writing and no further action may be taken unless authorized by the Chief Executive Officer. In the event that any potential conflict of interest arises involving a director, the individual must immediately notify the Chief Executive Officer or, in the case of a conflict involving the Chief Executive Officer, the Chairman of the Corporate Governance Committee, in writing and no further action may be taken unless authorized by the Chief Executive Officer or the Chairman of the Corporate Governance Committee, as applicable, and the Chief Executive Officer. In accordance with applicable law, when a conflict of interest arises, a Director is required to disclose his interest and abstain from voting on the matter. In addition, the Chair of the Meeting will ask the Director to leave the room during any discussion concerning such matter. The Corporate Governance Committee monitors compliance with the code of Business Conduct and Ethics by ensuring that the Chief Executive Officer tables any potential issues that arise under other business in the regularly scheduled Board of Directors meetings and the Corporate Governance Committee reports to the Board of Directors on compliance.

There have been no material changes reports filed in the preceding 12 months relating to any conduct of a director or executive officer that constitutes a departure from the code.

Through the above-noted methods, the Board of Directors encourages and promotes a culture of ethical business conduct. This is reinforced by the behaviour of the Board of Directors, as provided in its mandate, which is in strict compliance with the terms and the spirit of these measures.

### **Compensation Committee Charter**

The Compensation Committee is responsible for making recommendations to the Board of Directors regarding the plan and program for compensation of the executive officers of the Corporation and to approve and recommend to the Board of Directors the compensation to be paid to the Chief Executive Officer of the Corporation. The compensation program is designed to be competitive to retain senior management. The Compensation Committee oversees the equity incentive plans of the Corporation and is responsible for reviewing Management's recommendations, as appropriate, and providing recommendations to the Board of Directors regarding certain matters relating to all employees, including annual salary and incentive policies and programs, material new benefit programs, and material changes to existing programs. The Compensation Committee is also tasked with reviewing, with the Chief Executive Officer the performance of and potential for advance of each key officer of the Corporation and periodically discussing with the Chief Executive Officer, and key Vice-Presidents in the event of an unexpected incapacity of such officers. The Committee has also been tasked with reviewing on an annual basis the compensation payable to the directors. See "Compensation Discussion and Analysis" for activities and determinations of the Compensation Committee.

### **Composition of the Compensation Committee**

The Compensation Committee is required to be comprised of independent directors. During the year ended December 31, 2017, the following individuals served as members of the Compensation Committee: Al Cloke (Chair), Marin Katusa and Bruce Aunger. None of the members of the Compensation Committee were officers or employees or were former officers or employees of the Corporation or any of the subsidiaries, had or has any relationship that requires disclosure hereunder in respect of indebtedness owed to the Corporation or any interest in material transactions involving the Corporation. In addition, none of the Corporation's executive officers serve on the Compensation Committee (or in the absence of such committee the entire Board of Directors) of another issuer whose executive officer is a member of the Compensation Committee. The Compensation Committee met twice during the 2017 year.

### **Other Board of Directors Committees**

The Corporation does not have any standing committees, other than the Audit Committee, Corporate Governance Committee and the Compensation Committee. Please refer to the section of this Management Proxy Circular entitled "Audit Committee" or "Corporate Governance Committee" or "Compensation Committee" for further information.

### **Attendance At Meetings**

The following table sets forth the record of attendance of Board of Directors and committee meetings by directors for the 12 months ended December 31, 2017.

Director	Board of Directors Meeting	Audit Committee	Corporate Governance Committee	Compensation Committee
James O'Rourke	7 of 8	N/A	N/A	N/A
Rodney Shier	8 of 8	N/A	N/A	N/A
Carl Renzoni <sup>(1)</sup>	8 of 8	4 of 4	2 of 2	N/A
Marin Katusa	7 of 8	4 of 4	N/A	2 of 2
Al Cloke <sup>(2)</sup>	8 of 8	N/A	2 of 2	2 of 2
Bruce Aunger <sup>(3)(4)</sup>	8 of 8	4 of 4	N/A	2 of 2
John Tapics	8 of 8	4 of 4	2 of 2	N/A

(1) Corporate Governance Committee Chairman.

(2) Compensation Committee Chairman

(3) Audit Committee Chairman

(4) Lead Director

### **STATEMENT OF EXECUTIVE COMPENSATION**

#### Compensation Discussion and Analysis

The Compensation Committee assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Corporation. As part of its mandate, the Compensation Committee determines the type and amount of compensation for the President and Chief Executive Officer and other executive officers. In addition the Compensation Committee reviews and recommends to the Board of Directors, the compensation payable to the directors.

#### *Philosophy and Objectives*

The compensation program for the senior management of the Corporation is designed to ensure that the level and form of compensation achieve certain objectives, including:

- (a) attracting and retaining talented, qualified and effective executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) align senior management compensation with those of the Corporation's shareholders.

In compensating its senior management, the Corporation has employed a combination of base salary, bonus compensation and equity participation through its stock option plan and deferred share units plan.

In early 2015, the Compensation Committee received a report of LaneCaputo Compensation Inc., which examined the Corporation's executive compensation and made recommendation with respect thereto. This report was reviewed by the Compensation Committee and to the extent determined applicable, was used to consider and set the executive compensation for succeeding years.

The Compensation Committee continues to develop key performance indicators to apply to short term compensation and, if deemed applicable, to long term compensation that provides incentives to management while recognizing the global commodities market relevant to the Corporation.

The Compensation Committee considers the concerns voiced by shareholders with respect to the Corporation's compensation policies and executive officers relay any concerns of shareholders to the Compensation Committee for their consideration in setting compensation, including concerns raised during 2016 and 2017.

#### *Base Salary*

In the Compensation Committee's view, paying base salaries that are competitive in the markets in which the Corporation operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on companies in the mining industry was compiled, which included salary information from Capstone Mining Corporation, Dundee Precious Metals Inc, New Gold Inc, and Taseko Mines Limited. These corporations were selected based on the fact that their businesses were or are similar to that of the Corporation and were at a similar stage of development. The Compensation Committee with the assistance of one of its members, does a thorough analysis of the compensation paid by the comparator companies. The Compensation Committee also engages independent consultants, from time to time, to provide material and local surveys of comparable compensation packages. These are used to validate and indicate changes that should be implemented in the Corporation's Compensation. The information provided, internally and externally, is reviewed by the Compensation Committee for salary, bonuses, share based awards, option based awards, and other compensation to arrive at a competitive total compensation package. The Compensation Committee establishes the compensation for the Chief Executive Officer and reviews, discusses the compensation package and oversees the compensation for senior management or revise the proposed compensation as they deem appropriate.

#### *Short Term Incentive – Bonus Incentive Compensation*

Bonuses paid annually, if earned, form the basis for the Corporation's short term incentive. The Compensation Committee recommends executive bonus compensation to the Board of Directors dependent upon compensation levels based on the Committee's review of comparator companies or recommendations of independent consultants and reviewed with the Chief Executive Officer. Bonuses are based on specific performance appraisal reports; are discretionary by the Board of Directors and based on the achievement by the Corporation or the individual of certain stated goals previously established and may vary up to the stated percentage of base salary. The amount of bonus that an executive officer may earn in any given year is a percentage of that executive's base salary.

For 2017 the objectives established to be met with respect to the Corporation's short term incentive or bonus plan were; maintain excellent safety record, increasing ore processing to 37,500 tonnes per day or greater; achieving an annual copper production guidance within +/- 5%; maintain the cost reduction focus to maximize cash flow, investigate opportunities to further strengthen the Corporation's operating base, and continuing exploration to identify new resources or to increase resources. The percentage of base salary that could be earned by executive officers on the plan as Chief Executive Officer – 120% and the Chief Financial Officer – 60%. For 2016, the criteria was achieved, and the CEO earned 100% of his base salary as a bonus and the CFO earned 60% of his base salary as a bonus. For 2017, the CEO earned 96% of his base salary as a bonus and the CFO earned 48% of his base salary as a bonus.

#### *Long Term Incentive – Equity Participation*

The Corporation believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. The Corporation's long term incentive is provided through equity participation. Equity participation is accomplished through the Corporation's Amended Stock Option Plan and through a Deferred Share Unit Plan established in 2010 and modified in 2012 (the "DSU Plan"). Stock options or share units ("DSUs") under the DSU Plan are granted to directors, senior management and employees taking into account a number of factors, including, base salary and bonuses and competitive factors. DSUs under the DSU Plan have not been granted in 2017. Vesting terms of options are determined by the Compensation Committee and recommended to the Board of Directors and are generally over a three year period and are in accordance with those set forth in the Corporation's Amended Stock Option Plan and Toronto Stock Exchange ("TSX") regulations. For a description of the Corporation's

Stock Option Plan, see the sections titled “Disclosure Respecting Equity Compensation Arrangements” and “Amendment to Option Plan”.

The Corporation’s annual burn rate, as calculated in accordance with Section 613(p) of the TSX Company Manual, under the Option Plan was 0.44% for the year ending December 31, 2015, 1.57% for the year ending December 31, 2016 and 1.60% for the year ending December 31, 2017. The burn rate is subject to change, from time to time based on the number of options granted and the total number of Common Shares issued and outstanding.

The equity based component of executive officers’ compensation is intended to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation to acquire 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 or through the DSU Plan, to have a portion of the senior management’s compensation tied to the performance of the Corporation’s Common Shares. Grants under the Option Plan and the DSU Plan were intended to provide long term awards linked directly to the market value performance of the Corporation’s Common Shares. The Compensation Committee reviews management’s recommendations for the granting of options to management, officers and other employees and consultants of the Corporation and its subsidiaries. Options are granted according to the specific level of responsibility of the particular executive. The number of outstanding options is also considered by the Compensation Committee when determining the number of options to be granted in any particular year.

Given the evolving nature of the Corporation’s business, the Compensation Committee continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

Given the current size of the Corporation, the equity component of compensation for management, employees and consultants of the Corporation is recommended by the Compensation Committee to the Board of Directors for approval based on industry standards. The Compensation Committee reviews the terms of the proposed compensation proposed by management and either approves the compensation or revises the proposed option compensation as they deem appropriate.

#### *President and Chief Executive Officer’s Compensation*

The President and Chief Executive Officer’s compensation is determined by the Board of Directors based on recommendations of the Compensation Committee. The compensation of the President and the Chief Executive Officer is determined in accordance with the considerations described for the compensation of the Corporation’s executive officers and includes the same elements of compensation.

For 2017 the Chief Executive Officer’s bonus was based on the objectives set forth under “*Short Term Incentive - Bonus Incentive Compensation*” and he was allocated 83.33% of his bonus.

#### *Deferred Share Unit Plan*

In 2010 the Corporation adopted the DSU Plan pursuant to which DSUs are granted. Under the DSU Plan the issue price of the DSUs is the closing price of the Corporation’s Common Shares on the TSX on the day of the grant (the “Exercise Price”). The DSUs vest at the discretion of the Board of Directors and if vesting is not stipulated by the Board of Directors, the DSUs vest as to 25% on the grant date and on each of the 90<sup>th</sup>, 180<sup>th</sup> and 270<sup>th</sup> day after the date of the grant, and are granted with a ten-year term from their grant date. In the event of a change of control, as defined in the DSU Plan, all DSUs vest and are paid out at the value of the Corporation’s Common Shares at the date of completion of that transaction less the Exercise Price. In the event of death, disability, participants are considered employees for the purposes of the DSU Plan and the DSUs will continue to vest and be payable in accordance with the terms of the DSU Plan for a period of six months following such event. In the event of voluntary resignation or termination for cause, all vested DSUs are paid out at the value as of the date of such event less the difference between the market price of the

Common Shares on such date less the Exercise Price and all unvested DSUs are forfeited. In the event of termination of employment of a participant other than as foregoing, the DSUs continue to vest and are payable for a period of 90 days following such termination.

With respect to the DSU Plan the participant has three alternatives when exercising the DSUs. Under the first alternative, the Corporation will deliver Common Shares based on the number of DSUs redeemed upon payment of the Exercise Price. Under the second alternative a number of Common Shares of the Corporation will be delivered to the participant based on the share value appreciation of the DSUs exercised, divided by the market price of the Common Shares or the date of exercise. Under the third alternative, the appreciation of the share value of the Corporation's Common Shares between the grant date and the redemption date or maturity date is paid in cash. The value of the DSUs on the date of redemption or maturity is calculated based on the closing price of the Common Shares of the Corporation on the exercise date. Any Common Shares delivered under the DSU Plan are either acquired in the open market, or at the Corporation's option, subject to obtaining all required regulatory and shareholder approval, issued from treasury.

No Common Shares of the Corporation are issued in satisfaction of a payment of any DSUs so there is no burn rate with respect thereto.

#### *Restricted Share Unit Plan*

In 2016 the Corporation adopted the Restricted Share Unit Plan (the "RSU Plan") pursuant to which restricted share units ("RSUs") are granted. The purpose of the RSU Plan is to advance the interests of the Corporation and its shareholders by enabling the Corporation to attract and retain highly talented employees who are in a position to make significant contributions to the success of the Corporation, to reward them for their contributions to the success of the Corporation, and to encourage them to continue their employment with the Corporation and increase their proprietary interest in the Corporation and their personal interest in its continued success and progress.

Under the RSU Plan the number of RSU's granted at any time is determined by the Board of Directors. RSU's granted vest on the third anniversary of the grant date, unless otherwise directed by the Board of Directors. The value of the RSU's awarded are to be established in increments of 1/3 of the total award on each the first, second, and third anniversary of the grant date ("Valuation Date"). The RSU's are also subject to the following performance obligations: if the copper production of the Corporation for the Copper Mountain Mine, Princeton, B.C. (the "Mine") is 95% or more than that set forth in the annual budget for the year in question and the total mine cash costs (including capital costs and costs of leases) for the Mine (the "Mine Costs") are 105% or less than those set forth in the annual budget for the year in question, the value of the increment of the RSUs being valued on a Valuation Date will be equal to the greater of (i) the average of the fair market value of the Corporation's share price on the TSX for the 5 business days preceding the Valuation Date or (ii) the Corporation's share price on the TSX at the time of grant (the "Earned Value"). If the Determined Production is less than 95% of that set forth in the annual budget for the year in question or the Mine Costs are more than 105% of those set forth in the annual budget for the year in question, the percentage of the Earned Value component determined for the RSUs under (i) above will be determined by the Board of Directors, in its discretion, and if not so determined will be equal to "zero".

In 2016, the Board of Directors, on recommendation of the Compensation Committee granted 522,500 restricted share units (RSUs) thereunder, of which 317,500 remain outstanding as of the date of this Circular. In 2017, the Board of Directors, on recommendation of the Compensation Committee granted 235,000 RSUs, all of which remain outstanding as of the date of this Circular.

With respect to the RSU Plan the Corporation has established an RSU account for each participant in the RSU plan and nothing will be paid out to a participant until the third anniversary of the grant, at which time the grantee must still be an employee of the Corporation. RSUs were only granted to employees in early 2016 and 2017. Certain RSUs do not vest and are not paid out, if earned, until 2019 and 2020. 25% of all RSUs have vested and been paid out. RSUs are not satisfied by the issue of Common Shares so there is no burn rate.

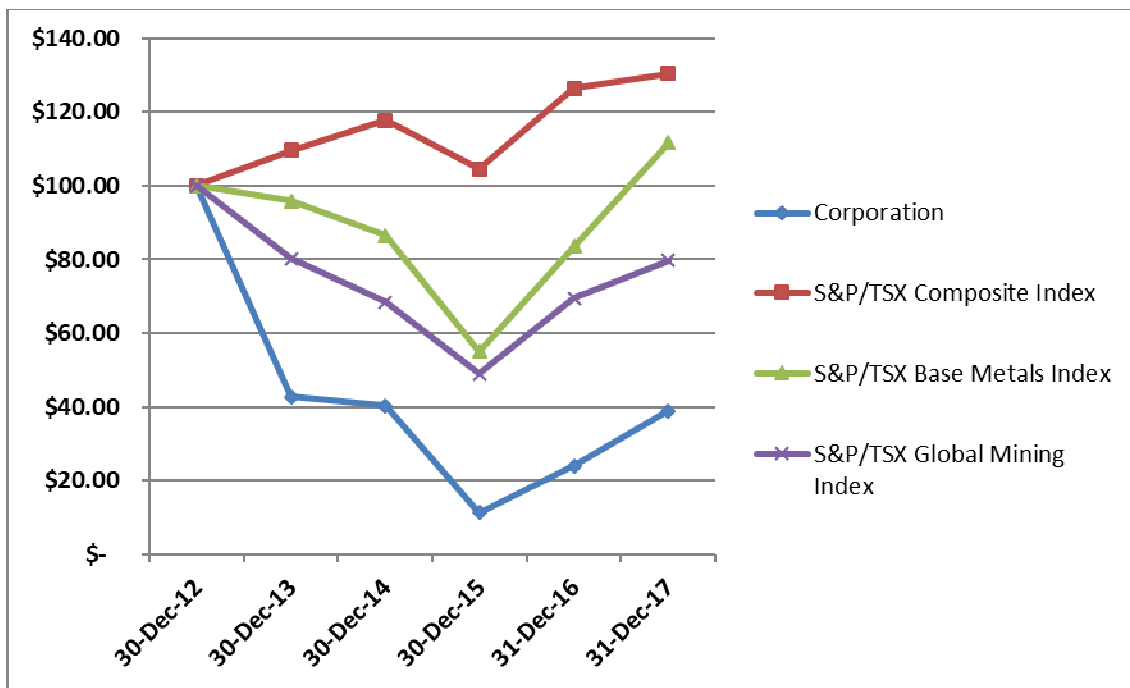
*Risks Associated with the Corporation's Policies and Practices*

The Compensation Committee has considered the implications of the risks associated with the Corporation's compensation policies and practices and has determined that there are no significant areas of risk because of the discretionary nature of such policies and practices and because certain of the criteria are based on the achievement of targets that benefit the Corporation as a whole. However, as elements of the discretionary compensation of the executive officers, such as the bonus plan, may be based, at least partially, on the performance of the Corporation over the short term such policies may cause executive officers to make decisions favouring the short term results of the Corporation rather than making decisions based on the best interests of the Corporation over the long term. The ability of the Compensation Committee to consider other factors such as personal contributions to corporate performance and non-financial based elements of corporate performance allows the Compensation Committee to consider whether executive officers have attempted to bolster short term results at the expense of the long term success of the Corporation in determining executive compensation.

Performance Graph

The following graph compares the total cumulative return to a shareholder who invested \$100 in Common Shares of the Corporation from January 1, 2012 through December 31, 2016 with the cumulative total shareholder return for the same period of the Standard & Poor's ("S&P") / TSX Composite Index, S&P /TSX Base Metals Index, and the S&P / TSX Global Mining Index.

Toronto Stock Exchange



For the five year period ended December 31, 2017 the share price of the Corporation declined 61%, tracking the decline of the mid cap BC Base Metal producers and the decline in both the S&P/TSX Base Metals Index and the S&P/TSX Global Mining Index which were down 16% and 20% respectively. During 2017 the Corporation outperformed all three indexes and showed an increase of 39% over the beginning of the year, as compared to a 3% increase for the TSX Composite Index, 25% for the TSX Base Metals Index, and 15% for the TSX Global Mining Index. The Board of Directors does not believe that the underperformance or over performance of the Corporation's Common Shares is reflective of only management's performance and is



more reflective of base metal prices. Accordingly, the total compensation of the Named Executive Officers is not solely based upon how the Corporation performs in comparison to the S&P/TSX Composite Index.

No dividends have been declared by the Corporation.

### Summary Compensation Table

Set out below are particulars of compensation paid to the following persons (the “Named Executive Officers”) comprised of James O’Rourke, the President and Chief Executive Officer, Rodney Shier, the Chief Financial Officer and Corporate Secretary, Peter Holbek, Vice President Exploration and Bill Mracek, Vice-President, Mining.

The following table is a summary of compensation paid to the Named Executive Officers for the financial years ended December 31, 2017, 2016 and 2015:

(a)					Non-equity incentive plan compensation (\$)				
Name and Position of Principal (a)	Year (b)	Salary (\$) (c)	Share Based Awards (\$) (d)	Option Based Awards <sup>(4)</sup> (\$) (e)	Annual incentive plans (f1)	Long-term incentive plans (f2)	Pension Value (\$) (g)	All other compensation (\$) (h)	Total Compensation (\$) (i)
James O’Rourke <sup>(6)</sup> President, Chief Executive Officer and Director	2017	550,000 <sup>(1)</sup>	Nil	284,425	Nil	Nil	Nil	550,000	1,384,425
	2016	550,000 <sup>(1)(5)</sup>	Nil	53,966	Nil	Nil	Nil	550,000	1,153,966
	2015	550,000 <sup>(1)</sup>	Nil	7,253 <sup>(7)</sup>	Nil	Nil	Nil	275,000	833,253
Rodney Shier Chief Financial Officer, Corporate Secretary and Director	2017	350,000 <sup>(2)</sup>	Nil	180,998	Nil	Nil	17,500	168,000	714,498
	2016	350,000 <sup>(2)(5)</sup>	Nil	39,248	Nil	Nil	17,500	203,000	609,748
	2015	350,000 <sup>(2)</sup>	Nil	5,319 <sup>(7)</sup>	Nil	Nil	17,500	175,000	547,819
Peter Holbek Vice President Exploration	2017	247,000 <sup>(3)</sup>	Nil	25,858	Nil	Nil	12,600	12,500	297,958
	2016	247,000 <sup>(3)(5)</sup>	Nil	4,906	Nil	Nil	12,600	Nil	251,906
	2015	247,000 <sup>(3)</sup>	Nil	Nil	Nil	Nil	12,600	Nil	259,600
Bill Mracek Vice President Mining	2017	256,880	Nil	25,858	Nil	Nil	12,844	12,844	308,426
	2016	256,880 <sup>(5)</sup>	Nil	4,906	Nil	Nil	12,844	Nil	261,786
	2015	256,880	Nil <sup>1</sup>	1,209	Nil	Nil	12,844	Nil	273,933

(1) Paid as consulting fees to Shanoro Development Limited, a private company of which Mr. O’Rourke is President.

(2) Paid as consulting fees to Lasras Holdings Ltd., a private company of which Mr. Shier is President.

(3) Paid as consulting fees to Viking Geosciences Ltd., a private company of which Mr. Holbek is President.

- (4) Options granted and vested during 2017 were valued using the Black Scholes model with share price volatility of 50% and a risk free rate of 1.00% over the give year term of the options. Options granted and vested during 2016 and 2015 were valued using the Black Scholes model with share price volatility of 35% and a risk-free rate of 1.60% over the give year term of the options.
- (5) Mr. O'Rourke, Mr. Shier, Mr. Holbek, and Mr. Mracek volunteered to take a 10% wage deferral which took effect January 1, 2016. The full amount of their 2016 wages is included in the table above as the deferred amounts were all repaid subsequent to the end of the year
- (6) On May 31, 2018 Mr. O'Rourke will be retiring as President & Chief Executive Officer and will become a non- executive Chairman of the Board. He will then be entitled to receive a fee for being Chairman currently at \$125,000. Mr. Gil Clausen will be appointed the new President & Chief Executive Officer with an annual salary of US \$500,000, plus a short term and long term incentive program that would allow Mr. Clausen to earn up to 100% and 120% respectively of his base salary, plus a special performance based award after three years of service that would allow him to earn an additional 2 times base salary providing he satisfies some strategic objectives that are yet to be determined by the Board.

### Incentive Plan Awards

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

The following table sets out the outstanding stock options and share based awards in the form of DSUs and RSUs held by the Named Executive Officers as at December 31, 2017:

Name (a)	Option-based Awards <sup>(2)</sup>				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of share that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$) <sup>(1)</sup>
James O'Rourke	550,000	1.18	Jan 12, 2022	\$48,125	Nil	Nil	\$100,750
	400,000	0.39	Jan 26, 2021	\$152,000	-	-	-
	150,000	0.59	Sep 18, 2020	\$105,750	-	-	-
	1,000,000	1.92	Feb 20, 2019	Nil	-	-	-
Rodney Shier	400,000	1.18	Jan 12, 2022	\$35,000	Nil	Nil	\$73,833
	250,000	0.39	Jan 26, 2021	\$95,000	-	-	-
	110,000	0.59	Sep 18, 2020	\$77,550	-	-	-
	500,000	1.92	Feb 20, 2019	Nil	-	-	-
Peter Holbek	50,000	1.18	Jan 12, 2022	\$4,375	Nil	Nil	\$13,433
	75,000	0.39	Jan 26, 2021	\$28,500	-	-	-
	100,000	1.92	Feb 20, 2019	Nil	-	-	-
Bill Mracek	50,000	0.39	Jan 12, 2022	\$4,375	Nil	Nil	\$13,433
	75,000	0.39	Jan 26, 2021	Nil	-	-	-
	25,000	0.59	Sep 18, 2020	Nil	-	-	-
	100,000	1.92	Feb 20, 2019	Nil	-	-	-

(1) The closing market price of the Corporation's Common Shares on December 29, 2017 (the last trading day on the TSX) was \$1.53.

<sup>(2)</sup> Options vest over three years.

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

The following table sets out the value vested or earned in incentive plan awards held by the Named Executive Officers during the financial year ended December 31, 2017:

Name (a)	Option-based awards – Value vested during the year <sup>(1)</sup> (\$) (b)	Share-based awards – Value vested during the year (\$) <sup>(1)</sup> (c)	Non-equity incentive plan compensation – Value earned during the year <sup>(1)</sup> (\$) (d)
James O'Rourke	197,375	27,750	Nil
Rodney Shier	132,100	20,350	Nil
Peter Holbek	16,000	3,700	Nil
Bill Mracek	11,812	3,700	Nil

<sup>(1)</sup> The closing market price of the Corporation's Common Shares on December 29, 2017 (the last trading day on the TSX) was \$1.53.

#### **Pension Plan Benefits**

During 2017, the Corporation contributed \$17,500 to Mr. Shier's registered retirement savings plan, \$12,600 to Mr. Holbek's registered retirement savings plan and \$12,844 to Mr. Mracek's registered retirement savings plan.

#### **Termination and Change of Control Benefits**

The Corporation has entered into a services agreement with Mr. O'Rourke. Under the terms of the agreement with Mr. O'Rourke, in the event of a change in control or termination without cause, Mr. O'Rourke would be entitled to a lump sum payment as final compensation, of two times Mr. O'Rourke's basic annual salary, plus a bonus payment equal to the bonuses earned during the previous 36 months.

The Corporation has entered into a services agreement with Mr. Shier. Under the terms of the agreement with Mr. Shier, in the event of a change in control or termination without cause, Mr. Shier would be entitled to a lump sum payment as final compensation, of two times Mr. Shier's basic annual fee, plus a bonus payment equal to the bonuses earned during the previous 36 months.

The Corporation has entered into services agreements with Mr. Holbek. Under the terms of the agreement with Mr. Holbek, in the event of a change in control or termination without cause, Mr. Holbek would be entitled to lump sum payment as final compensation, of two times Mr. Holbek's basic annual fee.

## Director Compensation

The compensation of the directors who are not executives is as follows:

<i>Director's annual retainer</i>	<i>\$55,000</i>
<i>Audit Committee Chair fees</i>	<i>\$15,000</i>
<i>Corporate Governance and Compensation Committee Chair annual retainer fee</i>	<i>\$9,000</i>
<i>Committee member annual retainer fee</i>	<i>\$5,500</i>
<i>Options</i>	<i>100,000</i>

No DSUs were granted to non-executive directors in 2017. During 2016, 50,000 DSU's were granted to each non-executive director at an exercise price based on a market price of the Corporation's Common Shares of \$0.445 per unit, which vest over a two year period and expire four years from the grant date. No DSUs were issued to directors during 2015. During 2014, 250,000 DSU's were granted to each non-executive director at an exercise price based on a market price of the Corporation's Common Shares of \$1.92 per unit, which vested over a three year period and expire five years from the grant date. During 2013, 100,000 DSU's were granted to each non-executive director at an exercise price based on a market price of the Corporation's Common Shares of \$1.88 per unit, which vested over a one year period and expire five years from the grant date. Vested DSUs may be exercised in one of the three alternatives. Under the first alternative, the Corporation will deliver Common Shares based on the number of DSUs redeemed upon payment of the exercise price. Under the second alternative a number of Common Shares of the Corporation will be delivered to the participant based on the share value appreciation of the DSUs exercised, divided by the market price of the Common Shares or the date of exercise. Under the third alternative, the appreciation of the share units of the Corporation's Common Shares between the grant date and the redemption date or maturity date is paid in cash. The value of the DSUs on the date of redemption or maturity is calculated based on the closing price of the Common Shares on the exercise date. Any Common Shares delivered under the DSU Plan are either acquired in the open market, or at the Corporation's option, subject to obtaining all required regulatory and shareholder approval, issued from treasury.

Prior to 2013, non-executive directors were granted Directors Deferred Share Units ("DDSUs"). The DDSUs were granted based on the market price of Common Shares on the day prior to the date of the grant. DDSUs vested immediately and are paid out based on the market price of a Corporation's Common Shares or the day a director ceases to be a director. A director may elect to receive Common Shares but this election can be overridden by the Corporation. Common Shares issued from treasury can only be issued with TSX and shareholder approval. No further DDSUs are being issued.

As there are no Common Shares issued in satisfaction of the payments for DDSUs, a burn rate is not applicable.

The Directors are issued options annually under the Option Plan. During 2017, the Directors were issued 100,000 Options each. The options vest as determined by the Board of Directors at the date of grant. For the Options granted in 2017, the exercise price was \$1.18 per Common Share, vesting in increments of one-quarter on the date of grant and one-quarter on each of the following three anniversary dates of the date of grant, and have a five year term.

**Director compensation table**

The following table sets forth the details of compensation in the form of fees and Options granted to the directors, other than the directors who are also Named Executive Officers during the Corporation's most recently completed financial year ended December 31, 2017:

<b>Name (a)</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option based awards (\$)<sup>(1)(2)</sup></b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)<sup>(3)</sup></b>	<b>Total (\$)</b>
Bruce Aunger	75,500	Nil	94,965	Nil	Nil	1,646	172,111
Al Cloke	69,500	Nil	94,965	Nil	Nil	1,646	166,111
Marin Katusa	66,000	Nil	94,965	Nil	Nil	Nil	160,965
Carl Renzoni	69,500	Nil	94,965	Nil	Nil	Nil	164,465
John Tapias	66,000	Nil	94,965	Nil	Nil	2,728	163,693

<sup>(1)</sup> The closing market price of the Corporation's Common Shares on December 29, 2017 (the last trading day on the TSX) was \$1.53.

<sup>(2)</sup> Options granted and vested during 2017 were valued using the Black Scholes model with share price volatility of 50% and a risk free rate of 1.00% over the give year term of the options. Includes the value of options and DSUs vested during the year.

<sup>(3)</sup> Includes the annual cost of the Company's benefits plan

*Share-based awards, option based awards and non-equity incentive plan compensation*

The following table sets out the outstanding Options, DSUs and DDSUs held by the directors, other than Named Executive Officers as at December 31, 2017:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of share that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(1)</sup> (\$)
Bruce Aunger	100,000	1.18	Jan 12, 2022	8,750	75,000	26,250
	100,000	0.39	Jan 26, 2021	38,000	66,667	76,000
	250,000	1.92	Feb 20, 2019	Nil	Nil	N/A
Al Cloke	100,000	1.18	Jan 12, 2022	8,750	75,000	26,250
	100,000	0.39	Jan 26, 2021	38,000	66,667	76,000
	250,000	1.92	Feb 20, 2019	Nil	Nil	N/A
Marin Katusa	100,000	1.18	Jan 12, 2022	8,750	75,000	26,250
	100,000	0.39	Jan 26, 2021	38,000	66,667	76,000
	250,000	1.92	Feb 20, 2019	Nil	Nil	N/A
Carl Renzoni	100,000	1.18	Jan 12, 2022	8,750	75,000	26,250
	100,000	0.39	Jan 26, 2021	38,000	66,667	76,000
	250,000	1.92	Feb 20, 2019	Nil	Nil	N/A
John Tapics	100,000	1.18	Jan 12, 2022	8,750	75,000	26,250
	100,000	0.39	Jan 26, 2021	38,000	66,667	76,000
	250,000	1.92	Feb 20, 2019	Nil	Nil	N/A

<sup>(1)</sup> The closing market price of the Corporation's Common Shares on December 29, 2017 (the last trading day on the TSX) was \$1.52

*DSUs and DDSUs awards – value vested or earned during the year*

The following table sets out the outstanding DDSUs held by the directors, other than Named Executive Officers as at December 31, 2017:

Name	DDSU Based Awards				DDSU Based Awards	
	Number of securities underlying unexercised DDSUs (#)	Exercise Grant price (\$) <sup>(1)</sup>	Expiration date	Value of unexercised in-the-money DDSU (\$) <sup>(2)</sup>	Number of shares or units of share that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Bruce Aunger	4,148	4.52	Apr 5, 2022	18,750	Nil	N/A
	1,914	6.53	Aug 12, 2021	12,500	Nil	N/A
Al Cloke	4,148	4.52	Apr 5, 2022	18,750	Nil	N/A
	1,914	6.53	Aug 12, 2021	12,500	Nil	N/A
	6,756	3.70	Sep 17, 2020	25,000	Nil	N/A
Marin Katusa	4,148	4.52	Apr 5, 2022	18,750	Nil	N/A
	1,914	6.53	Aug 12, 2021	12,500	Nil	N/A
	6,756	3.70	Sep 17, 2020	25,000	Nil	N/A
Carl Renzoni	4,148	4.52	Apr 5, 2022	18,750	Nil	N/A
	1,914	6.53	Aug 12, 2021	12,500	Nil	N/A
	6,756	3.70	Sep 17, 2020	25,000	Nil	N/A
John Tapics	4,148	4.52	Apr 5, 2022	18,750	Nil	N/A
	1,914	6.53	Aug 12, 2021	12,500	Nil	N/A
	6,756	3.70	Sep 17, 2020	25,000	Nil	N/A

<sup>(1)</sup>The exercise price used to calculate the number of DDSUs granted

<sup>(2)</sup>The closing market price of the Corporation's Common Shares on December 29 (the last trading day on the TSX) was \$1.52.

The following table sets out the outstanding DSUs held by the directors, other than Named Executive Officers as at December 31, 2017:

Name	DSU Based Awards				DSU Based Awards	
	Number of securities underlying unexercised DSUs and DDSUs (#)	Exercise Grant price (\$)	Expiration date	Value of unexercised in-the-money DSU (\$) <sup>(1)</sup>	Number of shares or units of share that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) <sup>(1)</sup>
Bruce Aunger	50,000	0.445	Sep16, 2020	40,688	12,500	13,562
	250,000	1.92	Feb 20, 2019	Nil	Nil	N/A
	100,000	1.88	Apr 19, 2018	Nil	Nil	N/A
Al Cloke	50,000	0.445	Sep16, 2020	40,688	12,500	13,562
	250,000	1.92	Feb 20, 2019	Nil	Nil	N/A
	100,000	1.88	Apr 19, 2018	Nil	Nil	N/A
Marin Katusa	50,000	0.445	Sep16, 2020	40,688	12,500	13,562
	250,000	1.92	Feb 20, 2019	Nil	Nil	N/A
	100,000	1.88	Apr 19, 2018	Nil	Nil	N/A
Carl Renzoni	50,000	0.445	Sep16, 2020	40,688	12,500	13,562
	250,000	1.92	Feb 20, 2019	Nil	Nil	N/A
	100,000	1.88	Apr 19, 2018	Nil	Nil	N/A
John Tapics	50,000	0.445	Sep16, 2020	40,688	12,500	13,562
	250,000	1.92	Feb 20, 2019	Nil	Nil	N/A
	100,000	1.88	Apr 19, 2018	Nil	Nil	N/A

<sup>(1)</sup> The closing market price of the Corporation's Common Shares on December 29, 2017 (the last trading day on the TSX) was \$1.52.



The following table sets out the value vested or earned in DSUs by the directors of the Corporation, who are not Named Executive Officers, during the financial year ended December 31, 2017 and held at December 31, 2017:

Name	DSU awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Marin Katusa	\$13,562	Nil	N/A
Carl Renzoni	\$13,562	Nil	N/A
John Tapics	\$13,562	Nil	N/A
Al Cloke	\$13,562	Nil	N/A
Bruce Aunger	\$13,562	Nil	N/A

<sup>(1)</sup> The closing market price of the Corporation’s Common Shares on December 31, 2017 (the last trading day on the TSX) was \$1.52.

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

#### **Equity Compensation Plan Information**

The following table provides information regarding the number of securities authorized for issuance under the Corporation’s Amended Stock Option Plan, as at the end of the Corporation’s most recently completed financial year ended December 31, 2017:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	7,964,235	\$1.21	1,066,765
Equity compensation plans not approved by security holders	Nil	N/A	N/A
<b>Total</b>	7,964,235	1.21	1,066,765

### **DISCLOSURE RESPECTING EQUITY COMPENSATION ARRANGEMENTS**

The TSX requires that issuers disclose the terms of any security based compensation arrangements which they have in place and pursuant to which Common Shares are issued. The only security based compensation arrangements which the Corporation has in place is its amended stock option plan (the “Option Plan”) dated May 13, 2009. The Option Plan was accepted by the TSX and approved by the shareholders of the Corporation. This information is being provided to meet the Corporation’s disclosure obligations under TSX

policies. The following is a summary of the Option Plan, readers should refer to a complete copy of the Option Plan as attached as Schedule "B".

**Number of Shares Reserved.** The Option Plan reserves a total of 13,000,000 Common Shares of the Corporation for issuance upon the exercise of stock option granted under the Plan. As at December 31, 2017, an aggregate of 3,969,000 Common Shares have been issued upon the exercise of stock options granted under the Option Plan and an aggregate of 7,964,235 options were outstanding under the Option Plan as at December 31, 2017. For the current number of options outstanding, see the section entitled "Amendments to Option Plan".

**Administration.** The Option Plan is to be administered by the Board of Directors of the Corporation or by a committee of the Board of Directors, consisting of not less than three directors, to which such authority is delegated by the Board of Directors from time to time.

**Eligible Persons.** The Option Plan provides that stock options may be issued only to senior officers, employees, directors, full-time dependent contractors and consultants and part-time dependent contractors of the Corporation or of any of its affiliates or subsidiaries, to employees of consultant companies providing management or administrative services to the Corporation, and to consultant companies themselves. Such persons and entities are referred to herein as "Eligible Persons".

**Board of Directors Discretion.** The Option Plan provides that, generally, the number of Common Shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable and other terms and conditions relating to such options shall be determined by the Board of Directors or any committee to which such authority is delegated by the Board of Directors from time to time.

**Limitation on Grant.** The number of Commons Shares that may be issued under the Option Plan to (a) insiders (as defined in applicable securities legislation) within one (1) year, or issuable to insider at any time pursuant to the options granted, together with all other Common Shares that may be issuable under any other security based compensation plan (as defined in the rules of the TSX) of the Company, shall not exceed 10% of the outstanding Common Shares, (b) outside directors under the Option Plan, together with any Common Shares issued pursuant to any other security based compensation arrangement, shall not exceed 1% of the outstanding Commons Shares on a non-diluted basis and the award value of all awards (together with the award value of all other rights granted under any other security based compensation agreement) and (c) in any one year, the number of options that may be granted to any outside director shall not exceed \$100,000 per year per outside director determined pursuant to the Black Scholes method.

**Maximum Term of Options.** Options granted under the Option Plan will be for a term not exceeding ten years from the date of grant. Options which may expire during a restricted trading period imposed by the Corporation in accordance with applicable securities laws, will be extended for a period of 10 business days.

**No Assignment.** The Options may not be assigned or transferred.

**Termination Prior to Expiry.** Generally, Options must expire and terminate on a date stipulated by the Board of Directors at the time of grant and, in any event, must terminate not later than 90 days following the date on which the Option holder ceases to be an Eligible Person. If an Option holder dies, the options of the deceased option holder will be exercisable by his or her estate for a period not exceeding 6 months or the balance of the term of the options, whichever is shorter.

**Exercise Price.** Options granted under the terms of the Option Plan will be exercisable at a price which is not less than the closing price of the Common Shares of the Corporation on the TSX immediately preceding the date of grant, and as permitted by the TSX in accordance with its policies.

**Full Payment for Shares.** The Corporation will not issue shares pursuant to options granted under the Option Plan unless and until the shares have been fully paid for.

**No Financial Assistance.** The Corporation will not provide financial assistance to option holders to assist them in exercising their options.

**Termination of Plan.** Subject to any regulatory approvals, the Compensation Committee may terminate or suspend the Option Plan. Unless earlier terminated in accordance with the terms of the Option Plan, the Option Plan will terminate on, and no more options shall be granted under the Option Plan after, the tenth anniversary of the effective date of the Option Plan.

**Vesting.** Options granted under the Option Plan shall vest in accordance with any vesting schedule set by the Board of Directors at the time of the grant.

**Amendments.** Pursuant to the policies of the TSX, the Board of Directors may, at any time, without further approval by the shareholders of the Corporation, amend the Option Plan or any Option granted thereunder in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to: (i) amend typographical, clerical and grammatical errors; (ii) reflect changes to applicable securities laws; (iii) change the termination provisions of Options or the Option Plan which do not entail an extension beyond the original expiry date; (iv) include the addition of a cashless feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Option Plan reserve; and (v) ensure that the Options granted under the Option Plan will comply with any provision respecting the income tax and other laws in force in any country or jurisdiction of which an Option holder to whom an option has been granted may from time to time be resident or a citizen.

**Amendments Made in 2018.**

On April 18, 2018, the Corporation completed the acquisition of Altona by the issue of 53,538,984 Common Shares of the Corporation for all of the ordinary shares of Altona. As part of the acquisition, the Corporation was required to list on the Australia Stock Exchange (“ASX”) in order to provide a platform for the CHESSE depository instruments (CDIs) issued in connection with the acquisition to trade in Australia. As part of the process of seeking the listing of the Corporation on the ASX, it was determined that the Option Plan required certain amendments to have it approved by the ASX.

Accordingly, in May, 2018, the Directors amended the Option Plan with the approved of the TSX to provide that so long as the Company is listed on the ASX and its CDIs trade on the ASX:

- (a) notwithstanding any other terms contained in the Option Plan, in the event of a reorganization of capital, the rights of the option holder under any Options, will be changed to the extent necessary to comply with the ASX listing rules regarding a reorganization of capital at the time of that reorganization;
- (b) an option does not confer the right for the holder to participate in any issue of Common Shares by the Corporation to all of its shareholders, unless the option has been exercised; and
- (c) notwithstanding the provisions relating to amendments to the Option Plan, and in accordance with the ASX listing rules, any change which has the effect of reducing the exercise price, increasing the period for exercise determined in accordance with the Plan or increasing the number of Common Shares received on exercise of any option, is prohibited.

### AMENDMENTS TO OPTION PLAN

In May, 2018, the Board of Directors approved the amendment of the Option Plan, subject to regulatory and shareholder approval, to change the Option Plan from a plan which sets forth a fixed number of Common Shares, currently set at 13,000,000, to a rolling number of Common Shares set as a percentage of the issued and outstanding Common Shares. The percentage approved by the Board of Directors is 9.5% of the issued and outstanding Common Shares.

The terms of the Option Plan, other than as contemplated by the Option Plan Amendments are detailed in the section entitled “Disclosure Respecting Equity Compensation Arrangements”.

The Option Plan was established in order to provide a share-related mechanism to attract, retain and motivate qualified employees, management, directors and consultants in order to incent such individuals to contribute to the long-term goals of the Corporation and encourage such individuals to acquire Common Shares as long-term investments. The grant of options forms a key part of the Corporation’s long term incentive remuneration.

The amendments made to the Option Plan, subject to regulatory and shareholder approval are the following:

- (a) to change the number of Common Shares that may be available for purchase under options granted from a fixed number, “currently 13,000,000” to a “9.5% of the issued and outstanding Common Shares”;
- (b) to change the number of Common Shares that may be issued under the Option Plan to insiders within any one (1) year together with other Common Shares issuable under any other security based compensation plans shall not exceed “9.5%” of the issued and outstanding Common Shares rather than the current “10%”.

(together the “Option Plan Amendments”).

Management is recommending that shareholders approve the Option Plan in order address an emerging deficiency with the cap on the number of Common Shares issuable under the Option Plan. With a cap on the number of Common Shares, over time it becomes depleted and the Corporation loses its ability to provide further options as a performance incentive. This circumstance is considered undesirable as it removes a major compensation tool used to recruit, retain and incentivize directors, management and employees. Under the Stock Option Plan, up to 9.5% of outstanding Common Shares will be available to issue as Options, as is more customary with publicly-listed companies. As of the date of this Circular, unexpired options granted under the Option Plan total 7,974,719 representing approximately 4.24% of the Common Shares outstanding and an additional 2,090,000 options have been granted on the basis that they are subject to shareholder approval. This represents 1,033,719 options which have been granted in excess of the current 13,000,000 (the “Excess Options”) cap contained in the Option Plan. The Excess Options were issued to directors, officers and employees with an exercise price of \$1.28, vesting over 3 years and with a 5 year term. If the Option Plan Amendment Resolution, as hereinafter set forth, is not approved, the Excess Options will remain subject to shareholder approval.

As at December 31, 2017, the Corporation had 134,285,192 Common Shares outstanding and 7,964,235 options issued and outstanding under the Option Plan, representing 5.93% of the issued and outstanding Common Shares as at December 31, 2017.

As at the Record Date, the Corporation had 188,013,692 Common Shares and 10,064,719 options issued and outstanding under the Option Plan including Excess Options representing approximately 5.35% of the issued and outstanding Common Shares as of that date. If shareholders approve the Option Plan Amendments, which reserves for issuance 9.5% of the number of issued and outstanding Common Shares, 17,861,300 Common Shares of the Corporation would be available for reservation and the issue of options thereunder. As there are 10,064,719 options outstanding as at the Record Date (including Excess Options) under the

Option Plan, there would be 7,796,581 options representing approximately 4.15% of the issued and outstanding shares of the Corporation available for grant pursuant to the Option Plan after receipt of shareholder and final TSX approval of the Option Plan Amendments. This number would be adjusted as the number of issued and outstanding Common Shares changes.

The TSX has reviewed and conditionally approved the Option Plan Amendments subject to approval by the shareholders as set out below. Under the TSX policies, a rolling stock option plan must be approved and ratified by shareholders every three years after institution.

At the Meeting, the shareholders will be asked to pass an ordinary resolution (“Option Plan Amendments Resolution”), with or without amendment, to adopt and approve the Option Plan Amendments. The following is the text of the resolution to be considered by the shareholders at the meeting:

**“BE IT RESOLVED THAT:**

1. **Subject to regulatory approval, the Corporation’s stock option plan (the “Option Plan”) effective June 13, 2011, and amended and approved by the shareholders June 17, 2014 be amended as follows:**
  - (a) **by amending the first sentence of Section 4.2 of the Option Plan to read as follows:**

**“Subject to adjustment as provided for herein, the number of Shares which may be reserved for issuance under the Plan and be available for purchase pursuant to Options granted pursuant to this Plan at any time shall not exceed 9.5% of the Outstanding Issue.”; and**
  - (b) **by amending Section 4.4(a) of the Option Plan to read as follows:**

**“(a) Insiders (as defined in applicable securities legislation) within one (1) year, or issuable to Insiders at any time pursuant to the Options granted, together with all other Shares that may be issuable under any other security based compensation plan (as defined in the rules of the TSX) of the Company, shall not exceed 9.5% of the Outstanding Issue.”**
2. **The actions of the Board of Directors in adopting the Option Plan Amendments and all outstanding grants of options made by the Board of Directors pursuant to the Option Plan including the options granted in excess of 13,000,000 are hereby ratified, confirmed and approved; and**
3. **Any one officer or director of the Company is hereby authorized and directed to do all such acts and things and to execute and deliver all such instruments and documents as may be necessary to give full effect to this resolution.”**

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPROVAL OF THE OPTION PLAN AMENDMENT RESOLUTION UNLESS SUCH PROXIES SPECIFY THAT THE COMMON SHARES REPRESENTED THEREBY SHALL BE VOTED AGAINST SUCH RESOLUTIONS.**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Board of Directors has spent considerable time and effort in defining and implementing an executive compensation program, and believes that it achieves the goal of enhancing the growth and sustainment of long-term shareholder value while attracting, motivating and retaining executive talent. The Board of Directors believes that shareholders should be well informed as to, and fully understand, the objectives, philosophy and principles that it has used to make executive compensation decisions and the oversight of any

risks inherent in the Corporation's compensation program. For information regarding the Corporation's approach to executive compensation, shareholders should review the Section "Statement of Executive Compensation".

The Board of Directors values and encourages constructive dialogue on compensation and other important governance topics with the shareholders of the Corporation, to whom the Board of Directors is ultimately accountable. The Board of Directors has monitored developments and trends relating to shareholders having an advisory vote on executive compensation (commonly referred to as "say on pay"). In forming its resolution for the say on pay vote, the Corporation has reviewed information set forth on this topic by the Canadian Coalition for Good Governance.

As this is an advisory vote, the results will not be binding upon the Board of Directors. However, the Board of Directors will take the results of the advisory vote into account, as appropriate, when considering future compensation policies, procedures and decisions and in determining whether there is a need to significantly increase their engagement with shareholders on compensation related matters. In the event that a significant number of shareholders oppose the resolution, the Board of Directors will consult with the shareholders of the Corporation to understand their concerns and will review the Company's approach to compensation in the context of these concerns.

Accordingly, the Board of Directors proposes that you indicate your support for the Company's approach to executive compensation disclosed in this Circular by voting in favour of or against the following advisory resolution:

"BE IT RESOLVED THAT, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, the shareholders accept the approach to executive compensation disclosed in the Corporation's Management Proxy Circular delivered in advance of the Annual General Meeting of shareholders."

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

Since January 1, 2017, the beginning of the last completed financial year, no current or former director, executive officer of the Corporation, or of any of its subsidiaries, has been indebted to the Corporation or to any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

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

Other than as set forth in this Management Proxy Circular and other than transactions carried out in the ordinary course of business of the Corporation or any of its subsidiaries, no director or senior officer of the Corporation, management nominee for election as a director of the Corporation, shareholder beneficially owning Common Shares carrying more than 10% of the voting rights attached to the Common Shares of the Corporation nor an associate or affiliate of any of the foregoing persons had since January 1, 2017 (being the commencement of the Corporation's last completed financial year) any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Corporation or any of its subsidiaries.

#### **MANAGEMENT CONTRACTS**

The management functions of the Corporation or any subsidiary of the Corporation are not, to any substantial degree, performed by a person other than the directors or senior officers of the Corporation.

**OTHER MATTERS**

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Management Proxy Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Management Proxy Circular to vote the same in accordance with their best judgement of such matters.

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Corporation at 1700-700 West Pender Street, Vancouver, British Columbia V6C 1G8 or call the Corporation at (604) 682-2992 to request copies of the Corporation's financial statements and management discussion and analysis.

Financial information for the Corporation is provided in the Corporation's comparative financial statements and management discussion and analysis for financial year ended December 31, 2014 which are contained in the Corporation's Annual Report.

DATED at Vancouver, British Columbia, this 18th day of May, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

“Signed” James O'Rourke  
President and Chief Executive Officer

## SCHEDULE "A"

### COPPER MOUNTAIN MINING CORPORATION

#### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

##### I. PURPOSE

The Audit Committee shall provide assistance to the Board of Directors of Copper Mountain Mining Corporation (the "Company") in fulfilling its financial reporting and control responsibilities to the shareholders of the Company and the investment community. The external auditors will report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are to:

- Oversee the accounting and financial reporting processes of the Company, and the audit of its financial statements, including: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; and (iii) the independent auditors' qualifications and independence.
- Serve as an independent and objective party to monitor the Company's financial reporting processes and internal control systems.
- Review and appraise the audit activities of the Company's independent auditors.
- Provide open lines of communication among the independent auditors, financial and senior management, and the Board of Directors for financial reporting and control matters, and meet periodically with management and with the independent auditors.

##### II. COMPOSITION

The Audit Committee shall be comprised of at least three directors. Each Committee member shall be an "independent director" within the meaning of Multilateral Instrument 52-110 – *Audit Committees* ("MI 52-110"), as may be amended from time to time. Pursuant to MI 52-110, a member will be considered "independent" if he has no direct or indirect, material relationship with the Company. MI 52-110 sets forth certain relationships which deem one not to be independent. In addition, the composition of the Audit Committee shall comply with the rules and regulations of the Toronto Stock Exchange and any other stock exchange on which the shares of the Company may be listed, subject to any waivers or exceptions granted by such stock exchange.

All members shall, to the satisfaction of the Board of Directors, be financially literate in accordance with the requirements of the MI 52-110 (i.e. have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements). At least one member shall have accounting or related



financial management expertise to qualify as a “financial expert”. A person will qualify as “financial expert” if he or she possesses the following attributes:

1. an understanding of financial statements and generally accepted accounting principles used by the Company to prepare its financial statements;
2. an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more persons engaged in such activities;
4. an understanding of internal controls and procedures for financial reporting; and
5. an understanding of audit committee functions.

The Committee members will be elected annually at the first meeting of the Board of Directors following the annual general meeting of shareholders.

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall determine by resolution.

### III. RESPONSIBILITIES AND POWERS

Responsibilities and powers of the Audit Committee include:

- Annual review and revision of this Charter as necessary with the approval of the Board of Directors provided that this Charter may be amended and restated from time to time without the approval of the Board of Directors to ensure that that the composition of the Audit Committee and the Responsibilities and Powers of the Audit Committee comply with applicable laws and stock exchange rules.
- Making recommendations to the Board of Directors regarding the selection, the appointment, evaluation, fees and compensation and, if necessary, the replacement of the independent auditors, and assisting in resolving any disagreements between management and the independent auditors regarding financial reporting.
- Recommending to the Board for Approval the appropriate audit engagement fees and the funding for payment of the independent auditors’ compensation and any advisors retained by the Audit Committee.
- Ensuring that the auditors report directly to the Audit Committee and are made accountable to the Board and the Audit Committee, as representatives of the shareholders to whom the auditors are ultimately responsible.

- Confirming the independence of the auditors, which will require receipt from the auditors of a formal written statement delineating all relationships between the auditors and the Company and any other factors that might affect the independence of the auditors and reviewing and discussing with the auditors any significant relationships and other factors identified in the statement. Reporting to the Board of Directors its conclusions on the independence of the auditors and the basis for these conclusions.
- Overseeing the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services.
- Ensuring that the independent auditors are prohibited from providing the following non-audit services and determining which other non-audit services the independent auditors are prohibited from providing:
  - bookkeeping or other services related to the accounting records or financial statements of the Company;
  - financial information systems design and implementation;
  - appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
  - actuarial services;
  - internal audit outsourcing services;
  - management functions or human resources;
  - broker or dealer, investment adviser or investment banking services;
  - legal services and expert services unrelated to the audit; and
  - any other services which the Public Company Accounting Oversight Board determines to be impermissible.
- Pre-approving all audit services, internal control related services and approving any permissible non-audit engagements of the independent auditors, in accordance with applicable legislation.
- Meeting with the auditors and financial management of the Company to review the scope of the proposed audit for the current year, and the audit procedures to be used.
- Meeting annually with auditors in “in camera” sessions to discuss reasonableness of the financial reporting process, system of internal control, significant comments and recommendations and management’s performance.

- Reviewing with management and the independent auditors:
  - the Company's annual financial statements (and interim financial statements as applicable) and related footnotes, management's discussion and analysis and the annual information form, for the purpose of recommending approval by the Board of Directors prior to its release, and ensuring that:
    - management has reviewed the audited financial statements with the audit committee, including significant judgments affecting the financial statements
    - the members of the Committee have discussed among themselves, without management or the independent auditors present, the information disclosed to the Committee
    - the Committee has received the assurance of both financial management and the independent auditors that the Company's financial statements are fairly presented in conformity with Canadian GAAP or International Financial Reporting Standards (IFRS), as applicable, in all material respects
  - Any significant changes required in the independent auditors' audit plan and any serious issues with management regarding the audit.
  - the Company's internal controls report and the independent auditors' certification of the report, and review disclosures made to the Committee by the CEO and CFO about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
  - Other matters related to the conduct of the audit that are to be communicated to the Committee under generally accepted auditing standards.
- Satisfying itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure described in the preceding paragraph, and assessing the adequacy of such procedures periodically.
- Reviewing with the independent auditors and management the adequacy and effectiveness of the financial and accounting controls of the Company.
- Establishing procedures: (i) for receiving, handling and retaining of complaints received by the Company regarding accounting, internal controls, or auditing matters, and (ii) for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters.

- Reviewing with the independent auditors any audit problems or difficulties and management's response and resolving disagreements between management and the auditors and reviewing and discussing material written communications between management and the independent auditors, such as any management letter of schedule of unadjusted differences.
- Making inquires of management and the independent auditors to identify significant business, political, financial and control risks and exposures and assess the steps management has taken to minimize such risk to the Company.
- Making inquires of management and the independent auditors to identify significant business, political, financial, litigation and control risks and exposures and assess the steps management has taken to minimize such risk to the Company.
- Reviewing at least quarterly and assessing the overall process for identifying principal business, political, financial, litigation and control risks and providing its views on the effectiveness of this process to the Board.
- Reviewing and/or investigating any financial, internal control, or risk management related issue or activity of the Company and reporting to the Board of Directors at its next regular meeting all such action it has taken since the previous report.
- Reviewing at least quarterly compliance by the Company and its subsidiaries with all covenants under credit agreements.
- Ensuring that the disclosure of the process followed by the Board of Directors and its committees, in the oversight of the Company's management of principal business risks, is complete and fairly presented.
- Reviewing and approving for recommendation to the Board details of specific proposed financings.
- Obtaining reports from management, the Company's independent auditors that the Company is in conformity with legal requirements and the Company's Code of Business Conduct and Ethics and reviewing reports and disclosures of insider and affiliated party transactions.
- Discussing any earnings press releases and press releases with respect to production and compliance with the credit agreement covenants as well as financial information and earnings guidance provided to analysts and rating agencies.
- Ensuring adequate procedures are in place for review of the Company's disclosure of financial and production information and compliance with credit agreement covenants and assess the adequacy of these procedures at least once per year.
- Reviewing of confirmation of compliance with the Company's policies on internal controls, conflicts of interests, ethics, foreign corrupt practice, etc.

- Ensuring that the Company's Annual Information Form and the Company's Management Information Circular contains the disclosure as required by law, including that required by MI 52-110, and in particular the risks and uncertainties contained therein.
- Reviewing with financial management and the independent auditors interim financial information, including interim financial statements, management discussion and analysis and financial press releases for the purpose of recommending approval by the Board of Directors prior to its release.
- At least annually obtaining and reviewing a report prepared by the independent auditors describing (i) the auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditors, or by any inquiry of investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors and the Company (to assess auditors' independence).
- Reviewing the financial information included in any prospectus or information circular prior to its release and, as appropriate, recommend to the Board of Directors whether such prospectus or information circular should be approved.
- Reviewing and approving hiring policies for employees or former employees of the past and present independent auditors.
- Reviewing disclosure by management in the event that management deviates from existing approved policies and procedures which disclosure must also be contained in financial reporting sub-certification forms.
- Engaging independent counsel and other advisors, without seeking approval of the Board of Directors or management, if the Committee determines such advisors are necessary to assist the Committee in carrying out its duties and setting and paying for any counsel or advisors employed by the Audit Committee for such purpose. The Committee shall advise the Board of Directors and management of such engagement.
- Discussing with the Company's legal counsel legal matters that may have a material impact on the financial statements, disclosure in management's disclosure and analysis or of the Company's compliance policies and internal controls.
- On at least an annual basis, reviewing with the Company's Chief Financial Officer any legal matters that could have a significant impact on the organization's financial statements or risk profile, and the Company's compliance with applicable laws and regulations.
- Establishing procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or

auditing matters and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- Overseeing compliance with the Company's Code of Business Conduct and Whistleblower Policy and reporting the Board of Directors with respect thereto.
- Conducting special investigations, independent of the Board of Directors or management, relating to financial and non-financial related matters concerning the Company and/or any one or more of its directors, officers, employees, consultants and/or independent contractors, if determined by the Committee to be in the best interests of the Company and its Shareholders. The Committee shall advise the Board of Directors with respect to the initiations of such investigations and shall periodically report any findings such investigation to the Board of Directors.
- Reporting annually to the shareholders in the Company's Annual Information Form on the carrying out of its responsibilities under this charter and on other matters as required by applicable securities regulatory authorities.

#### IV. MEETINGS

The Audit Committee will meet regularly at times necessary to perform the duties described above in a timely manner, but not less than four times a year and any time the Company proposes to issue a press release with its quarterly or annual earnings information. Meetings may be held at any time deemed appropriate by the Committee.

The Audit Committee shall meet periodically in separate executive sessions with management (including the Chief Financial Officer), the internal auditors and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Audit Committee deem appropriate. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The independent auditors will have direct access to the Committee at their own initiative.

The Chairman of the Committee will report periodically the Committee's findings and recommendations to the Board of Directors.

**SCHEDULE "B"**

**See Schedule B-1 for current form of Sections 4.2 and 4.4  
before amendment proposed at the Meeting**

**COPPER MOUNTAIN MINING CORPORATION**

**AMENDED  
STOCK OPTION PLAN**

**Effective Date: June 13, 2011**

Amended by Directors: May 15, 2014

Approved by Shareholders: June 17, 2014

Amended by Directors: May \_\_\_\_, 2018

Approved by Shareholders: June 20, 2018

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**AMENDED STOCK OPTION PLAN**

**SECTION 1  
DEFINITIONS AND INTERPRETATION**

**1.1**            **Definitions**

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) "Administrator" means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, if any.
- (b) "Associate" means, where used to indicate a relationship with any person:
  - (i) any relative, including the spouse of that person or a relative of that person's spouse, where the relative has the same home as the person;
  - (ii) any partner, other than a limited partner, of that person;
  - (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and
  - (iv) any corporation of which such person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the corporation.
- (c) "Black-Out" means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company's securities until the restriction has been lifted by the Company.
- (d) "Board" means the board of directors of the Company.
- (e) "Change of Control" means an occurrence when either:
  - (i) a Person or Entity, other than the current "control person" of the Company (as that term is defined in the *Securities Act*), becomes a "control person" of the Company; or
  - (ii) a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent Board.
- (f) "Committee" means a committee of the Board appointed in accordance with this Plan or if no such committee is appointed, the Board itself.
- (g) "Company" means Copper Mountain Mining Corporation.
- (h) "Consultant" means an individual who:
  - (i) is engaged to provide, on an ongoing *bona fide* basis, consulting, technical, management or other services to the Company or any Subsidiary other than services provided in relation to a "distribution" (as that term is described in the *Securities Act*);

- (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (h)(v) below);
- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
- (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof,

and includes:

- (v) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a "Consultant Entity"); or
  - (vi) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
- (i) "Disability" means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability.
- (j) "Employee" means:
- (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
  - (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source,

and includes:

- (iii) a corporation wholly-owned by such individual; and
  - (iv) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (k) "Executive" means an individual who is a director or officer of the Company or a Subsidiary, and includes:
- (i) a corporation wholly-owned by such individual; and
  - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (l) "Exercise Notice" means the written notice of the exercise of an Option, in the form set out as Schedule "B" hereto, duly executed by the Option Holder.
- (m) "Exercise Period" means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.

- (n) "Exercise Price" means the price at which an Option is exercisable as determined in accordance with section 5.3.
- (o) "Expiry Date" means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with sections 5.4, 6.2, 6.3, 6.4, 9.4 or 11.2.
- (p) "Expiry Time" means the time the Option expires on the Expiry Date, which is 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.
- (q) "Grant Date" means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (r) "Insider" means an insider as that term is defined in the *Securities Act*;
- (s) "Market Value" means the market value of the Shares as determined in accordance with section 5.3.
- (t) "Option" means an incentive share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company.
- (u) "Option Certificate" means the certificate, in substantially the form set out as Schedule "A" hereto, evidencing the Option.
- (v) "Option Holder" means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (w) "Outside Director" means any director who is not an Employee.
- (x) "Outstanding Issue" means the number of Shares that are outstanding (on a non-diluted basis) immediately prior to the Share issuance or grant of Option in question.
- (y) "Person or Entity" means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
- (z) "Personal Representative" means:
  - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (aa) "Plan" means this stock option plan as from time to time amended.
- (bb) "Regulatory Approvals" means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
- (cc) "Regulatory Authorities" means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.

- (dd) "Regulatory Rules" means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
- (ee) "*Securities Act*" means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
- (ff) "Share" or "Shares" means, as the case may be, one or more common shares without par value in the capital stock of the Company.
- (gg) "Subsidiary" means a wholly-owned or controlled subsidiary corporation of the Company.
- (hh) "Triggering Event" means:
  - (i) the proposed dissolution, liquidation or wind-up of the Company;
  - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
  - (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons or Entities;
  - (iv) a proposed Change of Control of the Company;
  - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
  - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.
- (ii) "TSX" means the Toronto Stock Exchange
- (jj) "Vest" or "Vesting" means that a portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

## **1.2 Choice of Law**

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed in accordance with, the laws of the Province of British Columbia. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

## **1.3 Headings**

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

**SECTION 2  
GRANT OF OPTIONS**

**2.1 Grant of Options**

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan.

**2.2 Record of Option Grants**

The Committee shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;
- (b) the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c) the Grant Date and Expiry Date of the Option;
- (d) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (e) the vesting and other additional terms, if any, attached to the Option; and
- (f) the particulars of each and every time the Option is exercised.

**2.3 Effect of Plan**

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. The Option Certificates will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

**SECTION 3  
PURPOSE AND PARTICIPATION**

**3.1 Purpose of Plan**

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants, to incent such individuals to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

**3.2 Participation in Plan**

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants, if any, to whom Options are to be granted.

**3.3 Notification of Grant**

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

**3.4 Copy of Plan**

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

**3.5 Limitation on Service**

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary.

**3.6 No Obligation to Exercise**

Option Holders shall be under no obligation to exercise Options granted under this Plan.

**3.7 Agreement**

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder receives his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

**3.8 Notice**

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

**3.9 Representation to TSX**

As a condition precedent to the issuance of an Option, the Company must be able to represent to TSX as of the Grant Date that the Option Holder is a *bona fide* Executive, Employee or Consultant of the Company or any Subsidiary.

**SECTION 4  
NUMBER OF SHARES UNDER PLAN**

**4.1 Board to Approve Issuance of Shares**

The Board shall approve by resolution the issuance of all Shares to be issued to Option Holders upon the exercise of Options, such authorization to be deemed effective as of the Grant Date of such Options regardless of when it is

actually done. The Board shall be entitled to approve the issuance of Shares in advance of the Grant Date, retroactively after the Grant Date, or by a general approval of this Plan.

**4.2 Number of Shares**

Subject to adjustment as provided for herein, the number of Shares which may be reserved for issuance under the Plan and be available for purchase pursuant to Options granted pursuant to this Plan at any time shall not exceed 9.5% of the Outstanding Issue. Provided that such maximum number of Shares is not exceeded, any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan.

**4.3 Fractional Shares**

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

**4.4 Limitation of Insider Participation**

The number of Shares that may be issued to (a) Insiders (as defined in applicable securities legislation) within one (1) year, or issuable to Insiders at any time pursuant to the Options granted, together with all other Shares that may be issuable under any other security based compensation plan (as defined in the rules of the TSX) of the Company, shall not exceed 9.5% of the Outstanding Issue, (b) Outside Directors under the Plan, together with any Shares issued pursuant to any other security based compensation arrangement, shall not exceed 1% of the Outstanding Issue on a non-diluted basis and the award value of all awards (together with the award value of all other rights granted under any other security based compensation agreement) and (c) in any one (1) year, the number of Options that may be granted to any Outside Director of the Company shall not exceed \$100,000 per year per Outside Director determined pursuant to the Black Scholes method.

**SECTION 5  
TERMS AND CONDITIONS OF OPTIONS**

**5.1 Exercise Period of Option**

Subject to sections 5.4, 6.2, 6.3, 6.4, 9.4 and 11.2, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option. Options granted must be exercised no later than 10 years after the Grant Date or such lesser period as may be determined by the Committee.

**5.2 Number of Shares Under Option**

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option.

**5.3 Exercise Price of Option**

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. In no event shall such price be lower than the closing price of the Shares on the TSX immediately preceding the Grant Date (the "Market Value").



#### 5.4 Termination of Option

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Committee at the time the Option is granted as set out in the Option Certificate and the date established, if applicable, in paragraphs (a) or (b) below or sections 6.2, 6.3, 6.4, 9.4 or 11.2 of this Plan:

- (a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise expressly provided for in the Option Certificate, the 90th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:
- (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
  - (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
  - (iii) an order made by any Regulatory Authority having jurisdiction to so order;

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position; OR

- (b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant and such Option Holder ceases to hold such position other than by reason of death or disability, the Expiry Date of the Option shall be, unless otherwise expressly provided for in the Option Certificate, the 90th day following the date the Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:
- (i) termination for cause;
  - (ii) resigning or terminating his or her position; or
  - (iii) an order made by any Regulatory Authority having jurisdiction to so order;

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

#### 5.5 Vesting of Option and Acceleration

The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Committee may elect, at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan.

## **5.6 Additional Terms**

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate. The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

## **SECTION 6 TRANSFERABILITY OF OPTIONS**

### **6.1 Non-transferable**

Except as provided otherwise in this Section 6, Options are non-assignable and non-transferable.

### **6.2 Death of Option Holder**

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of six months following the date of death and the applicable Expiry Date.

### **6.3 Disability of Option Holder**

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date which is the earlier of six months following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date.

### **6.4 Disability and Death of Option Holder**

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within six months after the termination of such engagement, any Options held by such Option Holder that could have been exercised immediately prior to his or her death shall pass to the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of six months following the death of such Option Holder and the applicable Expiry Date.

### **6.5 Vesting**

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

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

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

not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

## **SECTION 7 EXERCISE OF OPTION**

### **7.1           Exercise of Option**

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Administrator the required Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. Notwithstanding anything else contained herein, Options may not be exercised during Black-Out unless the Committee determines otherwise.

### **7.2           Issue of Share Certificates**

As soon as reasonably practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the Share Certificate.

### **7.3           No Rights as Shareholder**

Until the date of the issuance of the certificate for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the certificates, the decision of the Committee shall be final, conclusive and binding.

## **SECTION 8 ADMINISTRATION**

### **8.1           Board or Committee**

The Plan shall be administered by the Board, by a Committee of the Board appointed in accordance with section 8.2 below, or by an Administrator appointed in accordance with subsection 8.4(b).

### **8.2           Appointment of Committee**

The Board may at any time appoint a Committee, consisting of not less than two of its members, to administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and appoint new members in their place, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan.

### **8.3           Quorum and Voting**

A majority of the members of the Committee shall constitute a quorum and, subject to the limitations in this Section 8, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. Members of the Committee may vote on any matters affecting the administration of the Plan or the grant of Options pursuant to the Plan, except that no such member shall act upon the granting of an Option to himself or

herself (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee during which action is taken with respect to the granting of Options to that member). The Committee may approve matters by written resolution signed by a majority of the quorum.

#### **8.4 Powers of Committee**

The Committee (or the Board if no Committee is in place) shall have the authority to do the following:

- (a) administer the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;
- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Value of the Shares;
- (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
- (g) do the following with respect to the granting of Options:
  - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
  - (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
  - (iii) subject to any necessary Regulatory Approvals and section 9.2, amend the terms of any Options;
  - (iv) determine when Options shall be granted; and
  - (v) determine the number of Shares subject to each Option;
- (h) accelerate the vesting schedule of any Option previously granted; and
- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

#### **8.5 Administration by Committee**

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

#### **8.6 Interpretation**

The interpretation by the Committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Option Holder. No member of the Committee or any person acting pursuant to authority delegated by it hereunder shall be personally liable for

any action or determination in connection with the Plan made or taken in good faith and each member of the Committee and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

**SECTION 9**  
**APPROVALS, AMENDMENT AND TERMINATION**

**9.1**                    **Shareholder Approval of Plan**

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of a majority of the votes cast at a meeting of the shareholders of the Company or by a majority of votes cast by disinterested shareholders at a meeting of shareholders of the Company. Any Options granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

**9.2**                    **Amendment and Termination**

- (a) The Committee may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable legislation, and subject to any required stock exchange or shareholder approval. No such amendment, suspension or termination shall impair any rights or increase any obligations under any Options granted previously to any Option Holder without the consent of such Option Holder, subject to paragraph 9.2(c) below. If the Plan is terminated, the provisions of the Plan and any administrative guidelines, and other rules and regulations adopted by the Board and in force at the time of the Plan shall continue in effect during such time as an Option or any rights pursuant thereto remain outstanding.
- (b) With the consent of the affected Option Holders, the Committee may amend or modify any outstanding Option in any manner, subject to any required stock exchange or shareholder approval and the Board's ability to make amendments pursuant to paragraph 9.2(c).
- (c) Pursuant to the policies of the TSX, the Committee may, at any time, without further approval by the shareholders of the Company, amend the Plan or any Option granted hereunder as follows, to:
  - (i) amend typographical, clerical and grammatical errors;
  - (ii) reflect changes to applicable securities laws;
  - (iii) change the termination provisions of Option or the Plan which do not entail an extension beyond the original expiry date;
  - (iv) include the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve; and
  - (v) ensure that the Options granted under the Plan will comply with any provisions respecting the income tax and other laws in force in any country or jurisdiction of which an Option Holder to whom an Option has been granted may from time to time be resident or a citizen.
- (d) Only with the approval of the holders of the Shares, obtained in the manner required by the TSX and, if applicable, any other stock exchange on which the Shares are listed, but subject to Sections 9.2(a) and (b), the Board may make any material amendments to the Plan or any Options granted which material amendments shall include:
  - (i) any increase in the number of Shares reserved for the grant of Options under the Plan;

- (ii) any change to the eligible participants which would have the potential of broadening or increasing the participation by insiders (as such term is defined in the *Securities Act* (British Columbia));
- (iii) the addition of any form of financial assistance or any amendment to any financial assistance provided under the Plan with respect to the exercise of Options, which is more favourable to Option Holders;
- (iv) the addition of an exercise feature to any Options, which provides for the Company to pay an amount in cash or issue securities, without receiving the Exercise Price, and which does not provide for the deduction of all of the Shares underlying that Option from the reserve of Shares available for subsequent grant under the Plan;
- (v) the addition of a deferred or restricted share unit or any other provision which results in an Option Holder receiving Shares issued by the Company, while no cash consideration is received by the Company;
- (vi) a material change in the method of determining the Exercise Price of Options;
- (vii) the addition of any right permitting the change of the Exercise Price of any Options outstanding;
- (viii) an expansion of the type of awards available under the Plan in a material manner;
- (ix) any amendment to extend the time at which an Option terminates pursuant to the terms of the Plan to a date that is beyond the original expiration date of an Option;
- (x) any amendment to permit the transfer or assignment of an Option in circumstances other than by will or by the applicable laws of succession and devolution; or
- (xi) any amendment to this amending provision of the Plan.

**9.3 No Grant During Suspension of Plan**

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

**9.4 Extension of Expiry Date of Stock Options Expiring During a Blackout Period**

The expiry date of outstanding Options held by Option Holders which may expire during a restricted trading period, imposed by the Company in accordance with applicable securities laws (a "Blackout Period"), will be extended for a period of 10 business days commencing on the first business day after the expiry date of the Blackout Period to provide such Option Holders with an extension to the right to exercise such Options.

**SECTION 10  
CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES**

**10.1 Compliance with Laws**

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in

effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificates representing such Shares accordingly.

**10.2 Obligation to Obtain Regulatory Approvals**

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under section 9.2 of this Plan.

**10.3 Inability to Obtain Regulatory Approvals**

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

**SECTION 11  
ADJUSTMENTS**

**11.1 Alteration in Capital Structure**

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this section 11.1, and without limitation, neither:

- (c) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (d) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company.

Any adjustment made to any Options pursuant to this section 11.1 shall not be considered an amendment requiring the Option Holder's consent for the purposes of Section 9.2 of this Plan.

## **11.2 Triggering Events**

Subject to the Company complying with section 11.3 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Committee may, without the consent of the Option Holder or Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably.

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of section 9.2 of the Plan.

## **11.3 Notice of Termination by Triggering Event**

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

## **11.4 Determinations to be Made By Committee**

Adjustments and determinations under this Section 11 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

## **11.5 Options Granted to U.S. Residents or Citizens**

Any Option granted under the Plan to a Option Holder who is a citizen or resident of the United States (including its territories, possessions and all areas subject to the jurisdiction) (a "U.S. Option Holder") may be an incentive stock option (an "ISO") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, of the United States (the "Code"), but only if so designated by the Company in the agreement evidencing such Option. No provision of this Plan, as it may be applied to a U.S. Option Holder with respect to Options which are designated as ISO's, shall be construed so as to be inconsistent with any provision of Section 422 of the Code. Grants of Options to U.S. Option Holders pursuant to Section 2 hereof which are not designated as or otherwise do not qualify as ISO's will be treated as non-statutory stock options for U.S. federal tax purposes. Notwithstanding anything in this Plan contained to the contrary, the following provisions shall apply to ISO's granted to each U.S. Option Holder:

- (a) ISO's shall only be granted to individual U.S. Option Holders who are, at the time of grant, employees of the Company (within the meaning of the Code). Any director of the Company who is a U.S. Option Holder shall be ineligible to vote upon the granting of such Option;
- (b) the aggregate fair market value (determined as of the time an ISO is granted) of the Shares subject to ISO's exercisable for the first time by a U.S. Option Holder during any calendar year under this Plan and all other stock option plans, within the meaning of Section 422 of the Code, of the Company shall not exceed One Hundred Thousand Dollars in U.S. funds (U.S.\$100,000);
- (c) the Exercise Price for Shares under each ISO granted to a U.S. Option Holder pursuant to this Plan shall be not less than the fair market value of such Shares at the time granted, as determined in good faith by the



directors at such time (unless such ISO is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code);

- (d) if any U.S. Option Holder to whom an ISO is to be granted under the Plan at the time of the grant of such ISO is the owner of shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company, then the following special provisions shall be applicable to the ISO granted to such individual:
  - (i) the Exercise Price (per Share) subject to such ISO shall not be less than one hundred ten percent (110%) of the fair market value of one Share at the time of grant; and
  - (ii) for the purposes of this Section 11.5(d) only, the exercise period shall not exceed five (5) years from the date of grant;
- (e) no ISO may be granted hereunder to a U.S. Option Holder following the expiration of ten (10) years after the date on which this Plan is adopted by the Company or the date on which the Plan is approved by the shareholders of the Company, whichever is earlier;
- (f) no ISO granted to a U.S. Option Holder under the Plan shall become exercisable unless and until the Plan shall have been approved by the shareholders of the Company;
- (g) no ISO shall be transferable by a U.S. Option Holder other than by will or the laws of descent and distribution; and
- (h) during the lifetime of the original grantee of an ISO, such ISO may not be exercised by anyone other than such grantee.

**11.6 Rules Applicable to Options While CHESSE Depository Instruments are traded on the ASX**

For so long as the Company is listed on the Australian Stock Exchange (ASX) and its CHESSE Depository instruments (CDIs) trade on the ASX, the following will apply:

- (a) notwithstanding any other terms contained in this Plan, including Section 11.1, in the event of a reorganization of capital, the rights of an Option Holder under any Options, will be changed to the extent necessary to comply with the ASX listing rules regarding a reorganization of capital at the time of that reorganization;
- (b) an Option does not confer the right for the holder to participate in any issue of Shares by the Company to all of its shareholders, unless the Option has been exercised; and
- (c) notwithstanding the provisions of Section 9.2, and in accordance with the ASX listing rules, any change which has the effect of reducing the exercise price, increasing the period for exercise determined in accordance with the Plan or increasing the number of Shares received on exercise of any Option, is prohibited.

**SCHEDULE "A"**

**COPPER MOUNTAIN MINING CORPORATION**

**STOCK OPTION PLAN - OPTION CERTIFICATE**

This Option Certificate is issued pursuant to the provisions of the Stock Option Plan (the "Plan") of Copper Mountain Mining Corporation (the "Company") and evidences that ●[Name of Option Holder] is the holder (the "Option Holder") of an option (the "Option") to purchase up to ● common shares (the "Shares") in the capital stock of the Company at a purchase price of Cdn\$● per Share (the "Exercise Price"). This Option may be exercised at any time and from time to time from and including the following Grant Date through to and including up to 5:00 p.m. local time in Vancouver, British Columbia (the "Expiry Time") on the following Expiry Date:

- (a) the Grant Date of this Option is ●, 20●●; and
- (b) subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4 of the Plan, the Expiry Date of this Option is ●,20●●

To exercise this Option, the Option Holder must deliver to the Administrator of the Plan, prior to the Expiry Time on the Expiry Date, an Exercise Notice, in the form provided in the Plan, which is incorporated by reference herein, together with the original of this Option Certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This Option Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail. This Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto.

If the Option Holder is a resident or citizen of the United States of America at the time of the exercise of the Option, the certificate(s) representing the Shares will be endorsed with the following or a similar legend:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended, of the United States of America (the "Act") or the securities laws of any state ("State") of the United States of America and may not be sold, transferred, pledged, hypothecated or distributed, directly or indirectly, to a U.S. person (as defined in Regulation S adopted by the U.S. Securities and Exchange Commission under the Act) or within the United States unless such securities are (i) registered under the Act and any applicable State securities act (a "State Act"), or (ii) exempt from registration under the Act and any applicable State Act and the Company has received an opinion of counsel to such effect reasonably satisfactory to it, or (iii) sold in accordance with Regulation S and the Company has received an opinion of counsel to such effect reasonably satisfactory to it."

This Option was granted to the Option Holder in his or her capacity as a ●[pick one: Director, Officer, Employee, Consultant] of the Company ●[, and shall continue in effect should his or her status change and he or she continue in a new capacity as a Director, Officer, Employee or Consultant of the Company].

**COPPER MOUNTAIN MINING CORPORATION**

Per:

\_\_\_\_\_  
Director

The Option Holder acknowledges receipt of a copy of the Plan and represents to the Company that the Option Holder is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Option Holder agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by the Regulatory Authorities. The Option Holder further acknowledges that if the Plan has not been approved by the shareholders of the Company on the Grant Date, this Option is not exercisable until such approval has been obtained.

Signature of Optionee:

\_\_\_\_\_  
Signature

Date signed: \_\_\_\_\_

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_

**OPTION CERTIFICATE - SCHEDULE**

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

The Options will not be exercisable unless and until they have vested and then only to the extent that they have vested. The Options will vest in accordance with the following:

- (a) ● Shares (●%) will vest and be exercisable on or after the Grant Date;
- (b) ● additional Shares (●%) will vest and be exercisable on or after ● [date];
- (c) ● additional Shares (●%) will vest and be exercisable on or after ● [date];
- (d) ● additional Shares (●%) will vest and be exercisable on or after ● [date];

**SCHEDULE "B"**

**COPPER MOUNTAIN MINING CORPORATION  
STOCK OPTION PLAN**

**NOTICE OF EXERCISE OF OPTION**

TO:           The Administrator, Stock Option Plan  
              Copper Mountain Mining Corporation  
              Suite 550 - 800 West Pender Street  
              Vancouver, BC V6C 2V6

(or such other address as the Company may advise)

The undersigned hereby irrevocably gives notice, pursuant to the Amended Stock Option Plan (the "Plan") of Copper Mountain Mining Corporation (the "Company"), of the exercise of the Option to acquire and hereby subscribes for **(cross out inapplicable item)**:

(a)       all of the Shares; or

(b)       \_\_\_\_\_ of the Shares;

which are the subject of the Option Certificate attached hereto **(attach your original Option Certificate)**.

The undersigned tenders herewith a certified cheque or bank draft **(circle one)** payable to "Copper Mountain Mining Corporation" in an amount equal to the aggregate Exercise Price of the aforesaid Shares and directs the Company to issue the certificate evidencing said Shares in the name of the undersigned to be mailed to the undersigned at the following address **(provide full complete address)**:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The undersigned acknowledges the Option is not validly exercised unless this Notice is completed in strict compliance with this form and delivered to the required address with the required payment prior to 5:00 p.m. local time in Vancouver, B.C. on the Expiry Date of the Option.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Option Holder

**SCHEDULE "B-1"**

**Clauses before Amendment**

4.2 **Number of Shares**

Subject to adjustment as provided for herein, the number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan will not exceed 13,000,000 Shares. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan.

4.4 **Limitation of Insider Participation**

The number of Shares that may be issued to (a) Insiders (as defined in applicable securities legislation) within one (1) year, or issuable to Insiders at any time pursuant to the Options granted, together with all other Shares that may be issuable under any other security based compensation plan (as defined in the rules of the TSX) of the Company, shall not exceed 10% of the Outstanding Issue, (b) Outside Directors under the Plan, together with any Shares issued pursuant to any other security based compensation arrangement, shall not exceed 1% of the Outstanding Issue on a non-diluted basis and the award value of all awards (together with the award value of all other rights granted under any other security based compensation agreement) and (c) in any one (1) year, the number of Options that may be granted to any Outside Director of the Company shall not exceed \$100,000 per year per Outside Director determined pursuant to the Black Scholes method.