

# **CONSOLIDATED Tanager Limited**

## **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND MANAGEMENT INFORMATION CIRCULAR**

**October 10, 2018**

**To Be Held  
Thursday, December 13, 2018 at 11:00 a.m.  
At Suite 500 2 Toronto Street, Toronto Ontario M5C 2B6  
Toronto, Ontario**

## CONSOLIDATED Tanager Limited

### Notice of Annual Meeting of Shareholders

**NOTICE IS HEREBY GIVEN THAT** the annual meeting (the “**Meeting**”) of the shareholders of Consolidated Tanager Limited (the “**Company**”) will be held at Suite 500, 2 Toronto St, Toronto, Ontario M5C 2B6 on Thursday, December 13, 2018 at 11:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the financial year ended June 30, 2018, together with the report of the auditors thereon;
2. to elect the directors for the forthcoming year;
3. to re-appoint MNP LLP, Chartered Accountants, as auditors of the Company to hold office until the close of the next annual meeting of shareholders and to authorize the directors to fix the remuneration of the auditors; and
5. to transact such further or other business as may be put before the Meeting or any adjournment thereof.

The details of the matters proposed to be put before the Meeting are set forth in the Management Information Circular accompanying this Notice, which is supplemental to and expressly made a part of this Notice. Only shareholders of record as of the close of business on November 8, 2018 will be entitled to vote at the Meeting and at any adjournment or adjournments thereof.

**DATED** at Toronto, Ontario, this October 10, 2018.

**BY ORDER OF THE BOARD OF  
DIRECTORS**

“C.A. Burns”  
President and Director

**Notes:**

1. The Information Circular and form of proxy accompany this Notice of Meeting and form an integral part thereof. Your vote is important to us. If you are a registered shareholder and are unable to be present at the meeting, please specify on the enclosed form of proxy the manner in which the shares represented thereby are to be voted, and sign, date and return same in accordance with the instructions set out in the form of proxy and Information Circular.
2. If you are a non-registered shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or intermediary.

# CONSOLIDATED TANGER LIMITED

## Management Information Circular

This information is given as of October 10, 2018 unless otherwise noted.

### PROXY INFORMATION

#### Solicitation of Proxies

**THIS MANAGEMENT INFORMATION CIRCULAR (THE “INFORMATION CIRCULAR”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY MANAGEMENT OF CONSOLIDATED TANGER LIMITED (THE “COMPANY”) FOR USE AT THE ANNUAL GENERAL MEETING (THE “MEETING”) OF THE SHAREHOLDERS OF THE COMPANY, TO BE HELD AT THE OFFICES AT 2 TORONTO, ONTARIO, 5<sup>TH</sup> FLOOR, CANADA, ON THURSDAY, DECEMBER 13, 2018 AT 11:00 A.M. (TORONTO TIME) FOR THE PURPOSES SET FORTH IN THE ACCOMPANYING NOTICE OF MEETING AND AT ANY ADJOURNMENT THEREOF.**

All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.

#### Persons or Companies Making the Solicitation

**The enclosed form of proxy (the “Proxy”) is solicited by management of the Company.** Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders’ nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the Proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

#### Appointment and Revocation of Proxies

The persons named in the Proxy are directors or officers of the Company. **A shareholder has the right to appoint a person to attend and act for him on his behalf at the Meeting other than the persons named in the Proxy. To exercise this right, a shareholder shall strike out the names of the persons named in the Proxy and insert the name of his nominee in the blank space provided, or complete another Proxy. The completed Proxy should be deposited with the Company’s registrar and transfer agent, Computershare Investor Services Inc. at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario.**

The Proxy must be dated and be signed by the shareholder or by his attorney in writing, or if the shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

In addition to revocation in any other manner permitted by law, a shareholder may revoke a Proxy either by (a) signing a Proxy bearing a later date and depositing it at the place and within the time aforesaid, or (b) signing and dating a written notice of revocation (in the same manner as the Proxy is required to be executed as set out in the notes to the Proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) registering with the scrutineer at the Meeting as a shareholder present in person, whereupon such Proxy shall be deemed to have been revoked.

### Non-Registered Holders of Company's Shares

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders of the Company are "non-registered" shareholders if the common shares of the Company (the "Common Shares") they own are not registered in their names but are instead registered in the name of an intermediary such as a brokerage firm, bank or trust company. More particularly, a person is not a registered shareholder in respect of Common Shares which are held on behalf of that person (the "Non-Registered Holder") but which are registered either: (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency of which the Intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration for the Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms).

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as "NOBOs". Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as "OBOs".

The Notice of Meeting, this Information Circular and the Proxy (collectively, the "Meeting Materials") are being sent to both registered shareholders and Non-Registered Holders of Common Shares. If you are a Non-Registered Holder, and the Company or its agent has sent these Meeting Materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions.

Meeting Materials sent to Non-Registered Holders who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a "VIF"). This form is instead of a Proxy. By returning the VIF in accordance with the instructions noted on it, a Non-Registered Holder is able to instruct the registered shareholder how to vote on behalf of the Non-

Registered Holder. VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on his behalf, the Non-Registered Holder may request a legal Proxy as set forth in the VIF, which will grant the Non-Registered Holder or his nominee the right to attend and vote at the Meeting. **Non-Registered Holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.**

#### **VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES**

The persons named in the Proxy will vote the Common Shares in respect of which they are appointed and, where directions are given by the shareholder in respect of voting for, voting against or withholding from voting on any resolution, will do so in accordance with such direction.

**In the absence of any direction in the Proxy, it is intended that the Common Shares will be voted by the management representatives in favour of the passing of the matters set out in the Notice of Meeting.** The Proxy, when properly signed, confers discretionary authority with respect to amendments or variations to any matters which may properly be brought before the Meeting. At the date hereof, management of the Company is not aware that any such amendments, variations or other matters that are to be presented for action at the Meeting. However, if any other matters, which are not now known to management of the Company, should properly come before the Meeting, the Proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

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

Except as set out herein and except insofar as they may be shareholders of the Company, none of the directors or executive officers of the Company since the commencement of the Company's last completed financial year, no proposed nominee for election as a director of the Company, and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

#### **EFFECTIVE DATE**

The effective date of this circular is October 10, 2018. 5,372,350 common shares were outstanding at the Effective Date.

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

The voting securities of the Company consist of an unlimited number of Common Shares without par value. Only shareholders of record at the close of business on November 8, 2018, who either personally attend the Meeting or who complete and deliver a Proxy in the manner and subject to the provisions set out under the heading "Appointment and Revocation of Proxies" will be entitled

to have his or her Common Shares voted at the Meeting or at any adjournment thereof. Other than as set out herein, each shareholder is entitled to one vote for each Common Share held.

A quorum for the transaction of business at a meeting of shareholders of the Company is two individuals present in person, each of whom is either a shareholder entitled to attend and vote at such meeting or the proxyholder of such shareholder appoint by means of a valid proxy, holding or representing by proxy not less than 10% of the total number of the issued voting shares of the Company.

To the knowledge of the directors and executive officers of the Company, no persons or entity beneficially owns, directly or indirectly or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company, other than the following: C.A. Burns, the President, Chief Executive Officer (“CEO”) and a director of the Company; and Mr. Clifton, a director of the Company. As of the Effective Date for the meeting, Mr. Burns beneficially owned, or exercised control or direction over, an aggregate of 838,050 Common Shares representing approximately 15.60% of the outstanding Common Shares; Mr. Clifton exercised control or direction over an aggregate of 820,775 Common shares representing approximately 15.28% of the outstanding Common Shares.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **A. Financial Statements**

The audited financial statements of the Company for the fiscal year ended June 30, 2018, together with the report of the auditor thereon, and the annual management’s discussion and analysis for the fiscal year ended June 30, 2018, will be presented to the shareholders at the Meeting for their consideration.

### **B. Election of Directors**

Management is nominating four individuals to stand for re-election as directors of the Company. Each director of the Company is elected annually and holds office until the next annual general meeting of shareholders or until his or her successor is duly elected or appointed, unless he or she resigns, is removed or becomes disqualified in accordance with the Company’s articles or governing legislation.

**The persons named in the enclosed form of proxy intend to vote FOR the election of all of the nominees whose names are set forth below unless otherwise instructed to withhold from voting thereon on a properly executed and validly deposited Proxy.** Management does not contemplate that any of the nominees will be unable to serve as a director.

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations and the number of Common Shares which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

Name, Jurisdiction of Residence and Present Office Held <sup>(1)</sup>	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised <sup>(1)</sup>	Principal Occupation and, if Not Previously Elected, Principal Occupation during the Past Five Years
C.A. Burns <sup>(4)</sup> <i>Toronto, Ontario</i> President, CEO and Director	1987	838,050	Geological Engineer, President of the Company
C.F. Watson <i>Toronto, Ontario</i> Secretary-Treasurer/Chief Financial Officer and Director	2012	20	Chartered Professional Accountant, Public Practice
F. van de Water Director (Independent) <sup>(2)</sup>	2015	None	Chartered Professional Accountant and Mineral Exploration and Mining Company Executive
Eric Clifton <sup>(3)(4)</sup> <i>Toronto, Ontario</i> Director (Independent)	2014	820,775	Investment Advisor
W.S. Vaughan <sup>(2)</sup> <i>Toronto, Ontario</i> Director (Independent)	1987	330,500	Barrister and Solicitor

Notes:

1. The information as to country of residence, principal occupation and Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of the Company, has been furnished by the proposed directors individually.
2. Member of audit committee of the Company ("**Audit Committee**").
3. Chair of the Audit Committee.
4. As of October 10, 2018: C.A. Burns owned, or exercised control or direction over an aggregate of 838,050 common shares, or 15.6% of the issued and outstanding shares of the Company; E. Clifton exercised control or direction over an aggregate of 820,775 common shares or 15.28% of the issued and outstanding shares of the Company.

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

- (a) is, at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director or CEO or CFO of any company (including the Company) that:
  - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "**order**");
  - (ii) was the subject of an order that that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO; or
  - (iii) 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

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

To the knowledge of the Company no proposed director has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **C. Appointment of Auditor**

At the Meeting, shareholders will be asked to re-appoint MNP LLP, Chartered Accountants, located at located at 50 Burnhamthorpe Road West 9<sup>th</sup> Floor, Mississauga, Ontario L5B 3C2 as auditors of the Company to hold office until the close of the next annual meeting of shareholders and to authorize the directors to fix the remuneration of the auditors. MNP LLP was first appointed as auditor of the Company on March 13, 2006. MNP LLP changed its name from MSCM LLP effective as of June 1, 2013.

**Proxies received in favour of management will be voted in favour of the re-appointment of MNP LLP as auditors of the Company to hold office until the close of the next annual general meeting of shareholders and the authorization of the directors to fix the auditors' remuneration, unless the shareholder has specified in a proxy that his, her or its Common Shares are to be withheld from voting in respect thereof. The board of directors of the Company ("Board") recommends that shareholders vote FOR this resolution.**

### **STATEMENT OF EXECUTIVE COMPENSATION**

In this section, a "Named Executive Officer" ("NEO") means each of the following individuals: (a) the CEO (or an individual who acted in a similar capacity), (b) the chief financial officer ("CFO") (or an individual who acted in a similar capacity), (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year of the Company whose total compensation was, individually, more than \$150,000, and (d) each individual who would be an NEO under (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year. During the financial year ended June 30, 2018, the Company had two NEOs, namely C.A. Burns, the President and CEO of the Company, and C.F. Watson, the CFO of the Company.

## **Director and NEO Compensation**

No salaries were paid to any of the directors and executive officers for the fiscal year ended June 30, 2018, nor during any of the prior five fiscal years. No compensation was paid to any officer or director pursuant to a material bonus or profit sharing plan. The Company has not set aside any funds nor accrued any funds to provide for pension, retirement or similar benefits for officers or directors.

During the year ended June 30, 2018, C.A. Burns was paid \$40,000 for services provided as an officer and \$4,000 for services as a director; E. Clifton was paid \$4,500 for services provided as a director and member of the Audit Committee; C.F. Watson was paid \$4,000 as a director and \$15,000 for services provided as the CFO of the Company; F. van de Water was paid \$4,500 for services provided as a director and member of the Audit Committee; and S. Vaughan was paid \$4,500 as a director and member of the Audit Committee.

## **Compensation Discussion and Analysis**

### ***Compensation Elements***

C.A. Burns and C.F. Watson invoiced the Company for the administrative and/or professional services they provide in their capacity as President and Chief Financial Officer and Secretary-Treasurer, respectively. W.S. Vaughan invoiced for legal services provided by his own firm (W. S. Vaughan, Professional Corp).

Each director receives a \$2,000 retainer for serving as director throughout the fiscal year, which is paid at the end of the year as well as a \$500 fee for attending directors meetings. Members of the Audit Committee typically attend one additional meeting each year as compared to directors who are not members of the Audit Committee, but do not receive greater fees for services provided as members of the Audit Committee.

The Company relies solely on the input of the Board to establish executive compensation. In establishing compensation levels, the Board places weight on the following factors: the particular responsibilities related to the position; salaries or fees paid by comparable businesses in the mining sector; the experience level of the executive and overall performance; and the time which the executive is required to devote to the Company in fulfilling his or her responsibilities.

### ***Base Salary***

The Company does not pay base salaries and has not at any time paid salaries to directors or officers.

### ***Non-Equity Incentive Plans***

Bonuses paid will be determined based on subjective criteria, including the Company's ability to pay such bonuses, individual performance and contributions, and other competitive considerations.

The Company has never paid any bonus.

### ***Risks Associated with Compensation***

As there is no formal executive compensation program at the Company and no salaries are paid to NEOs or directors, the Company has not deemed it necessary to analyze the implications of risks associated with the Company's compensation policies and practices.

### ***Compensation Governance***

The Board has not adopted any formal policies or procedures to determine the compensation of the Company's directors or NEOs. The Company does not have a compensation committee. The duties of such a committee are carried out by the Board, who meet on compensation matters as and when required with respect to executive compensation.

### **Summary of Compensation Table**

The following table sets forth all annual and long-term compensation for services paid to or earned by the NEO's for the past three fiscal years:

Name and Principal Position	Fiscal Year Ended Jun-30	Salary (\$)	Directors Fees	Other Compensation \$	Total Compensation \$
<b>C.A. Burns</b>	2018	Nil	\$4,000	\$40,000 (1)	\$44,000
President	2017	Nil	\$4,500	\$40,000 (1)	\$44,500
CEO & Director	2016	Nil	\$4,000	\$40,000 (1)	\$44,000
<b>C.F. Watson</b>	2018	Nil	\$4,000	\$15,000 (2)	\$19,000
Secretary-Treasurer	2017	Nil	\$4,500	\$15,000 (2)	\$19,500
& CFO, Director	2016	Nil	\$4,000	\$12,000 (2)	\$16,000

Notes:

1. Amount includes administrative and professional fees invoiced by C.A. Burns for services provided as an officer as and director.
2. Amount includes administrative and professional fees invoiced by C.F. Watson for services provided as an officer as and director.

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

As at June 30, 2018, there are no options outstanding for any of the NEOs or other directors or officers.

### ***Incentive Plan Awards – Value Vested or Earned During the Year***

There have been no new options granted, nor any existing options vested, from the year ended June 30, 2018 up to the date hereof.

### **Pension Plan Benefits**

The Company does not have any pension plans that provide for payments or benefits at, following or in connection with retirement.

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

There is no agreement in place that provides for payments to a NEO at, following or in connection with any termination, resignation, retirement or change in control.

### **Directors Compensation Table**

Each director receives a \$2,000 retainer for serving as director throughout the fiscal year, as well as a \$500 fee for each directors meeting attended. Members of the Audit Committee typically attend one additional meeting each as compared to directors who are not members of the Audit Committee, but do not receive greater fees for services provided as members of the Audit Committee.

The following table discloses the particulars of the compensation provided to the directors of the Company (not including the directors who are also NEOs) for the financial year ended June 30, 2016. For details of the compensation of each NEO that is also a director of the Company, see the “*Summary of Compensation Table*” in this Information Circular.

Name and Principal Position	Fiscal Year Ended Jun-30	Salary (\$)	Directors Fees	Other Compensation \$	Total Compensation \$
<b>W.S. Vaughan</b> Director	2018	Nil	\$4,500	Nil	\$4,500
	2017	Nil	\$1,000	Nil	\$1,000
	2016	Nil	\$3,000	Nil	\$3,000
<b>Eric Clifton</b> Director	2018	Nil	\$4,500	Nil	\$4,500
	2017	Nil	\$5,000	Nil	\$5,000
	2016	Nil	\$4,500	Nil	\$4,500
<b>Frank van de Water</b> Director	2018	Nil	\$4,500	Nil	\$4,500
	2017	Nil	\$5,000	Nil	\$5,000
	2016	Nil	\$1,500	Nil	\$1,500

### **Outstanding Option-Based Awards**

There were no option-based awards outstanding as at June 30, 2018.

### **Incentive Plan Awards – Value Vested or Earned During the Year**

No values were earned by the directors on vested option-based awards during the financial year ended June 30, 2018 as there was no further vesting on the options already awarded nor were there any additional options granted during said fiscal year or to the date of this Information Circular.

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

As of the financial year ended June 30, 2014 the 2013 Plan was the only compensation plan under which equity securities of the Company were authorized for issuance. The following table sets forth information with respect to the 2013 Plan as at the year ended June 30, 2018:

<b>Plan Category</b>	<b>Number of securities to be exercised upon issuance of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by security holders	537,235	Nil	537,235
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	<b>537,235</b>	<b>Nil</b>	<b>537,235</b>

### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

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

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

- (a) is or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to the Company or any of its subsidiaries; or
- (b) whose indebtedness to another person is, or at any time since the beginning of the most recently completed financial year of the Company has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided

by the Company or any of its subsidiaries, whether in relation to a securities purchase program or other program or otherwise.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company, or any associate or affiliate of an informed person or proposed director, has or had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries other than as set out herein. The term "informed person" as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* means a director or executive officer of the Company, a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company or any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution.

## MANAGEMENT CONTRACTS

Management functions of the Company are generally performed by the directors and officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

## AUDIT COMMITTEE

### Audit Committee's Charter

The following Audit Committee Charter was adopted by the Audit Committee and the Board:

1. Members. The Board of Directors will appoint an Audit Committee of at least two members ("**Members**" and each, a "**Member**"), all of whom are required to be "independent" directors of the Board. An individual is "Independent" if he or she has no direct or indirect material relationship with the Company. "Material Relationship" means a relationship that could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

All members of the Audit Committee must be "financially literate". An individual is financially literate if he or she has 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 a review of the Company's financial statements. Each appointed member of the Audit Committee shall serve in such role until they resign, cease to be a director or are replaced by the Board.

The Board will designate one of the Members as Chair.

2. Purposes, Duties, and Responsibilities. The Audit Committee assists the Board in fulfilling its corporate governance and oversight responsibilities with respect to accounting and

financial reporting processes, internal financial controls, financial risk management systems, and internal and external audit functions. Specifically, the Audit Committee will, among other things:

- (a) manage, on behalf of the shareholders of the Company, the relationship between the Company and its external auditors, including appointing and replacing the external auditors, subject to shareholder approval; set the compensation of the external auditors; overseeing the work of the external auditors; and review and assess the independence of the external auditors;
- (b) oversee the external audit of the Company, including reviewing and approving the engagement letter and audit plan; review and assess the accounting and reporting practices and principles used by the Company in preparing its financial statements; review and assess the results of the external audit and external auditors opinion on the financial statements; reviewing and discuss with legal counsel and other advisors matters that may have a material impact on the financial statements, operations, assets or compliance policies of the Company;
- (c) review and approve, and where required, recommend to the Board for approval, the financial statements, management's discussion and analysis of financial condition and result of operations and interim financial reports of the Company and other public disclosure of financial information extracted from the financial statements of the Company;
- (d) oversee the Company's internal financial control structure, financial risk management systems and internal audit function, including review and discuss with management, the external auditors and internal audit personnel the quality and adequacy of the internal control over the Company's financial reporting structure and the quality and adequacy of the Company's financial risk management systems, as well as review and discuss with the Company's CEO and CFO the procedures undertaken by them in connection with the certification required to be given by them in connection with annual and other filings the Company is required to make under applicable securities laws;
- (e) establish adequate procedures, or require that adequate procedures are established, annually assess the adequacy of the procedures with respect to the review of public disclosure of financial information extracted from the Company's financial statements and the treatment of complaints received by the Company with respect to accounting, internal accounting controls or auditing matters; and
- (f) develop a calendar of activities in cooperation with the Board and management of the Company, review the annual operating and capital budgets of the Company, review the funding and administration of the employee benefit plans, and review with management and the external auditors any material difficulties or problems with regulatory or government agencies with respect to financial matters.

3. Meetings. The Audit Committee will meet at least annually. Any Member or the secretary of the Company may call a meeting of the Audit Committee and the external auditors or

the CFO of the Company may ask a Member to call a meeting of the Audit Committee. The quorum for each meeting of the Committee is two Members. Any matter to be voted upon shall be decided by a majority of the votes cast for a resolution. In the absence of the Chair, the other Members may appoint a chair of a meeting. The chair of a meeting shall not have a second or casting vote.

### Composition of the Audit Committee

The following are the current members of the Company's Audit Committee:

Eric Clifton <sup>(1)</sup>	Independent <sup>(2)</sup>	Financially literate <sup>(2)</sup>
Frank van de Water	Independent <sup>(2)</sup>	Financially literate <sup>(2)</sup>
W.S. Vaughan	Independent <sup>(2)</sup>	Financially literate <sup>(2)</sup>

Notes:

1. Chair of the Audit Committee.
2. As defined by National Instrument 52-110 – *Audit Committees*.

### Relevant Education and Experience

The experience of Member that is relevant to the performance of his responsibilities as a Member is as follows:

**Frank van de Water** – Mr. van de Water is a Chartered Professional Accountant and has over forty years of experience acting for a variety of public companies, ranging from a company involved in multinational mining, metal processing and trading to technology, real estate development and mining companies. He has held the positions of Controller, Vice President Finance, Chief Financial Officer, President and Finance Director. See directorships below.

**Eric Clifton** – Mr. Clifton is a stock broker who has spent his career analyzing financial statements.

**W. S. Vaughan** – Mr. Vaughan is a corporate, commercial and securities lawyer, with extensive financial knowledge and experience, and has been a director of several public companies in the natural resource sector, and as a director, has been responsible for approving financial statements. See "Directorships" below.

### Audit Committee Oversight

At no time since the commencement of the Company's most recent completed financial year was there a recommendation of the Audit Committee to nominate or compensate an external auditor.

### Reliance on Certain Exemptions

The Company has tried to obtain another independent director who could act as a third director on its audit committee but has failed to obtain such a person.

## Pre-Approval Policies and Procedures

The 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 Company's external auditors in each of the last two fiscal years are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees <sup>1</sup>	Tax Fees <sup>2</sup>	All Other Fees <sup>3</sup>
June 30, 2018	\$18,000	Nil	Nil	Nil
June 30, 2017	\$ 18,000	Nil	Nil	Nil

Notes:

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and 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.

## CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 – *Corporate Governance Guidelines* ("58-201") establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") the Company is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

### Board Members

The Board currently comprises five directors: C.A. Burns, W.S. Vaughan, F. van de Water, Eric Clifton, and C.F Watson. All five members are being nominated for re-election.

NI 58-201 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from existing shareholdings. In addition, where a company has a significant shareholder, NP 58-201 suggests that the board of directors should include a number of directors

who do not have interests in either the company or the significant shareholder. Of the proposed nominees of the Company, Eric Clifton, F. van de Water and W.S. Vaughan are considered by the Board to be “independent” within the meaning of NI 58-101. C.A. Burns and C.A. Watson are not considered to be “independent”.

The independent directors exercise their responsibilities for independent oversight of management and meet independently of management whenever deemed necessary.

### Directorships

The following directors of the Company also serve as directors of other reporting issuers (or the equivalent):

Name of Director	Name of Reporting Issuer
W.S. Vaughan	Pure Nickel, Inc.
Frank van de Water	Razore Rock Resources Inc. AurCrest Gold Inc. Appia Energy Corp (Director, CFO and Secretary) Inter-Rock Minerals Inc. Director Romios Gold Resources Inc. (Director, COO, CFO and Secretary)

### Orientation and Continuing Education

Each new director is given an outline of the nature of the Company’s business, its corporate strategy, and current issues faced by the Company. New directors are also required to meet with management of the Company to discuss and better understand the Company’s business and are given the opportunity to meet with counsel of the Company to discuss their legal obligations as directors of the Company.

In addition, management of the Company takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies that may affect the directors, officers and committee members as a whole. Changes in corporate and securities policies or new requirements are brought to the attention of the Company’s directors either by way of director or committee meetings or by direct communications from management to the directors.

### Ethical Business Conduct

The Board expects its directors, officers and employees to act ethically at all times although a formal code of conduct or policy has not been adopted. The Company believes its corporate disclosure practices are appropriate and effective for the Company given the nature of its business. The Company’s method of corporate governance allows for the Company to operate

efficiently with simple checks and balances that control and monitor management and corporate functions without an excessive administrative burden.

### **Nomination of Directors and Assessment**

The Board determines all new nominees to the Board, although the Board has not adopted a formal process to appoint new nominees. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members. As part of such efforts, the Board considers, in addition to any other factors it deems relevant: (i) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; (ii) the competencies and skills that the Board considers each existing director to possess; (iii) the competencies, skills and background each nominee will bring to the Board; (iv) the time that each nominee will have available to devote to the Company's business; and (v) whether the nominee will be an independent director. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions. The Company conducts due diligence reference and background checks on suitable candidates. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve.

Neither the Company nor the Board has determined a formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

### **Compensation**

For a discussion of the steps taken to determine compensation for the directors and CEO of the Company, see "*Compensation Governance*" in this Information Circular.

### **Board Committees**

The Company has established one committee: the Audit Committee, comprising of Eric Clifton (Chair), W.S. Vaughan and Frank van de Water.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). The Company's consolidated annual audited financial statements and management discussion and analysis ("**MD&A**") for the fiscal years ended June 30, 2017 and 2018 are available for review under the Company's profile on SEDAR.

## **APPROVAL**

The contents of this Information Circular and the sending thereof to the shareholders of the Company have been approved by the Board.

**DATED** at Toronto, Ontario as of the 10<sup>th</sup> day of October, 2018.

### **BY ORDER OF THE BOARD**

(signed) "*C.A. Burns*"

President