

CHAMPION BEAR RESOURCES LTD.

**Notice of the Annual and General Meeting of Shareholders
to be held on June 15, 2018**

The Annual and General Meeting of the holders of common shares of Champion Bear Resources Ltd. will be held in the DC Boardroom at the Glencoe Club, 2nd Floor, 636 – 29th Avenue S.W., Calgary, Alberta, on June 15, 2018, at 10:00 a.m., Calgary time, to:

1. receive and consider our financial statements for the fiscal years ended December 31, 2017 and December 31, 2016, together with the report of the auditors thereon;
2. fix the number of directors to be elected at the meeting at four (4);
3. elect four (4) directors for the ensuing year;
4. appoint auditors for the ensuing year and to authorize the directors to fix their remuneration as such;
5. consider and, if advisable, to pass an ordinary resolution, the full text of which is set forth in the accompanying information circular and proxy statement (the "Management Proxy Circular"), approving the replacement of the existing fixed 20% share option plan of the Corporation with a rolling 10% share option plan and authorizing the Corporation's board of directors to make any amendments thereto that may be required for the purpose of obtaining the approval of applicable securities regulatory authorities or stock exchanges: and
6. to transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

Only shareholders of record at the close of business on May 11, 2018 (the "**Record Date**") are entitled to notice of and to attend the meeting or any adjournment or adjournments thereof and to vote thereat unless after the Record Date a holder of record transfers his or her common shares and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he or she owns such shares, requests, not later than 10 days before the meeting, that the transferee's name be included in the list of shareholders entitled to vote, in which case such transferee shall be entitled to vote such shares at the meeting.

Shareholders may vote in person at the meeting or any adjournment or adjournments thereof, or they may appoint another person (who need not be a shareholder) as their proxy to attend and vote in their place.

Shareholders unable to be present at the meeting are requested to date and sign the enclosed form of proxy and return it to our President, c/o of the Proxy Department, AST Trust Company (Canada), P.O. Box 721, Agincourt, Ontario M1S 0A1. In order to be valid, proxies must be received by AST Trust Company (Canada) not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the meeting or any adjournment thereof.

An information circular – proxy statement of our company relating to the business to be conducted at the meeting accompanies this Notice.

Dated at Calgary, Alberta this 10th day of May, 2018.

By order of the Board of Directors

(Signed) Richard D. Kantor
Chairman and President

CHAMPION BEAR RESOURCES LTD.

**Information Circular – Proxy Statement
dated May 11, 2018**

**For the Annual and General Meeting
of Shareholders to be held on June 15, 2018**

PROXIES

Solicitation of Proxies

This information circular – proxy statement is furnished in connection with the solicitation of proxies by or on behalf of our management for use at the Annual and General Meeting of our shareholders (the "**Meeting**") to be held in the DC Boardroom at the Glencoe Club, 2nd Floor, 636 – 29th Avenue S.W., Calgary, Alberta, on Friday June 15, 2018, at 10:00 a.m., local time, and any adjournment thereof for the purposes set forth in the accompanying Notice of Annual and General Meeting. Only shareholders of record on May 11, 2018 are entitled to notice of, and to attend and vote at, the Meeting, unless a shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of the shares and demands that the transferee's name be included on the list of shareholders.

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed form of proxy are our officers or directors. **As a shareholder submitting a proxy you have the right to appoint a person (who need not be a shareholder) to represent you at the Meeting other than the person or persons designated in the form of proxy furnished by us. To exercise this right you should insert the name of the desired representative in the blank space provided in the form of proxy and strike out the other names or submit another appropriate proxy.** In order to be effective, the proxy must be deposited to the attention of the Corporation's President c/o the Proxy Department, AST Trust Company (Canada), P.O. Box 721, Agincourt, Ontario M1S 0A1, not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your common shares ("**Common Shares**") in your own name. Only proxies deposited by shareholders whose names appear on our records as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in your account statement provided by your broker, then in almost all cases those Common Shares will not be registered in your name on our records. Such Common Shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such 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 your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your shares.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your shares are voted at the Meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. or another intermediary. If you receive a voting instruction form from Broadridge Financial Solutions, Inc. or another intermediary it cannot be used as a proxy to vote shares directly at the Meeting as the proxy must be returned (or otherwise reported as provided in the voting instruction form) as described in the voting instruction form well in advance of the Meeting in order to have the shares voted.

Although you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker (or agent of the broker), you may attend at the Meeting as proxyholder for the registered shareholder and vote

Common Shares in that capacity. If you wish to attend the Meeting and indirectly vote your Common Shares as proxyholder for the registered shareholder, you should enter your own name in the blank space on the form of proxy provided to you and return the same to your broker (or the broker's agent) in accordance with the instructions provided by your broker (or agent), well in advance of the Meeting.

Revocability of Proxy

You may revoke your proxy at any time prior to a vote. If you or the person to whom you give your proxy attends personally at the Meeting you or such person may revoke the proxy and you may vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited at our registered office, Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

Persons Making the Solicitation

This solicitation is made on behalf of our management. We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of Annual and General Meeting and this information circular – proxy statement. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefor.

Exercise of Discretion by Proxy

The Common Shares represented by proxy in favour of management nominees will be voted on any poll at the Meeting. Where you specify a choice with respect to any matter to be acted upon the shares will be voted on any ballot in accordance with the specification so made. **If you do not provide instructions your shares will be voted in favour of the matters to be acted upon as set out herein.** The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of Annual and General Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this information circular – proxy statement, we know of no such amendment, variation or other matter.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

We are authorized to issue an unlimited number of Common Shares without nominal or par value which may be issued for such consideration as may be determined by resolution of our board of directors (the "**Board**"). As at May 11, 2018, there were 47,361,270 Common Shares issued and outstanding. As a holder of Common Shares, you are entitled to one vote on a ballot at the Meeting for each Common Share you own. A quorum for the transaction of business at the Meeting is at least a person or persons present in person holding or representing in the aggregate not less than 5% of the Common Shares entitled to be voted at the Meeting. We are also authorized to issue an unlimited number of preferred shares, issuable in series. Each series is issuable upon the terms and conditions as set by our Board at the time of creation, subject to the class priorities. As at May 11, 2018, there were no preferred shares issued and outstanding.

To the knowledge of our directors and officers, as at May 11, 2018, no person or company beneficially owned, or controlled or directed, directly or indirectly, Common Shares carrying more than 10% of the votes attached to all of the issued and outstanding Common Shares.

MATTERS TO BE ACTED UPON AT THE MEETING

Election of Directors

Directors will be elected at the Meeting. It is proposed that our Board will be fixed at four members and each of the following persons will be nominated at the Meeting:

Richard D. Kantor Brad A. Butler
David R. Haigh Dillabough, Todd A.

Each director elected will hold office until the next annual meeting, or until his successor is duly elected or appointed, unless his office be earlier vacated.

It is the intention of the management designees, if named as proxy, to vote "FOR" an ordinary resolution in favour of fixing our Board at four members and in favour of the election of the following persons to our Board unless otherwise directed. Management does not contemplate that any of these nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, **the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless you have specified in your proxy that your Common Shares are to be withheld from voting on the election of directors.**

The following information relating to the nominees as directors is based partly on our records and partly on information received by us from the nominees and sets forth the names and province/city and country of residence of all of the persons nominated for election as directors, the periods during which they have served as directors, their principal occupations or employments during the five preceding years and the approximate number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by each of them as of May 11, 2018.

| <u>Name, Province/City and Country of Residence</u> | <u>Director Since</u> | <u>Principal Occupation During the Five Preceding Years</u> | <u>Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly⁽³⁾</u> |
|--|-----------------------|---|--|
| Richard D. Kantor Calgary, Alberta, Canada | April 1987 | Chairman (since December 2004) and President (since April 1987) of the Corporation. | 1,481,269 |
| David R. Haigh, Q.C. ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada | July 1997 | Partner, Burnet, Duckworth & Palmer LLP (law firm). | 1,276,482 |
| Brad A. Butler ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada | November 7, 2014 | Self-employed businessman who resides in the City of Calgary, Alberta. He is currently Vice President of Cantana Investments Ltd., a position which he has held for the last 40 years. | 4,959,442 |
| Todd A. Dillabough ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada | July 13, 2016 | Director of San Antonio Oil and Gas Services Ltd. and Catalyst Paper Corporation, former Chairman, President and Chief Executive Officer of Barons Resources Corp, and a former director of Aveos Fleet Performance Inc. Previously, he was President, Chief Executive Officer and Chief Operating Officer of Trident Resources Corporation and Pioneer Natural Resources Canada Inc. | 1,199,600 |

Notes:

- (1) Member of the Audit Committee, which committee is required pursuant to the *Business Corporations Act* (Alberta).
- (2) Member of the Compensation, Nominating and Corporation Governance Committee.
- (3) Messrs. Kantor has 698,952, Messrs. Haigh has 348,500, Messrs. Butler has 425,242 and Messrs. Dillabough has 1,001,283 indirectly owned shares included in total common shares.
- (4) In addition, Messrs. Kantor, Haigh, Butler and Dillabough hold options ("**Options**") to purchase 3,008,993, 133,698, 106,000 and 946,675 Common Shares, respectively.
- (5) We do not have an Executive Committee.

Appointment of Auditors

At the Meeting, shareholders will be called upon to appoint the firm of KPMG LLP, Chartered Accountants, of Calgary, Alberta, to serve as our auditors until the next annual meeting of our shareholders and to authorize our directors to fix their remuneration as such. KPMG LLP have been our auditors since May 2004.

Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote "FOR" the appointment of KPMG LLP, Chartered Accountants, Calgary, Alberta, as auditors of our company, to hold office until the next annual meeting of the shareholders and to authorize the directors of our company to fix their remuneration as such.

The directors of our company unanimously recommend that shareholders vote for the appointment of KPMG LLP, Chartered Accountants, Calgary, Alberta, as auditors of our company, at a remuneration to be fixed by the directors of our company.

Approval of Replacement Share Option Plan

At the Meeting, shareholders will be called upon to authorize and approve the replacement of the current fixed 20% share option plan, effective as of November 6, 2008, with a rolling 10% share option plan for the Corporation, with such modifications as may be required by the TSX Venture Exchange. The Board recommended the replacement share option plan on April 12, 2018 for shareholder's consideration at the Meeting. Pursuant to Policy 4.4 of the TSX Venture Exchange, corporations that have a rolling stock option plan reserving a maximum of 10% of the issued and outstanding shares of the corporation must receive yearly shareholder approval of the stock option plan. The recommended rolling 10% Share Option Plan is attached in its entirety, please refer to Schedule "B" hereto for the text of the recommended Share Option Plan. The rolling 10% Share Option Plan, if authorized and approved by shareholders, will require subsequent approval by the TSX Venture Exchange.

Unless otherwise directed, it is the intention of the management designees, if named as proxy, to vote "FOR" the approval of the replacement rolling 10% Share Option Plan for the Corporation, to be effective until confirmed at the next annual meeting of the shareholders and to authorize the directors of our company to seek approval by the TSX Venture Exchange as such.

The directors of our company unanimously recommend that shareholders vote for the authorization and approval of the rolling 10% Share Option Plan with such modifications as may be required by the TSX Venture Exchange.

EXECUTIVE COMPENSATION

The following sets forth information concerning the annual and long term compensation for services rendered to Champion Bear for the financial years ended December 31, 2017, 2016 and 2015 and in respect of each of the individuals who were the Named Executive Officers (or "NEOs") of Champion Bear during such financial year as determined in accordance with National Instrument 51-102 and the Champion Bear Board of Directors. None of the Named Executive Officers that were also directors of Champion Bear received any compensation for their services as a director.

Compensation Discussion and Analysis

Introduction

The President and Chief Executive Officer of Champion Bear in conjunction with the Compensation, Nominating and Corporation Governance Committee is responsible for making recommendations to the Board with respect to the compensation of the Named Executive Officers. The Board ensures that total compensation paid to all Named Executive Officers is fair and reasonable and consistent with Champion Bear's compensation philosophy.

What are the objectives of the executive compensation program?

Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success in alignment with long-term shareholder goals.

Champion Bear's compensation philosophy is based on three fundamental principles:

- Strong link to business strategy – Champion Bear's short and long-term goals should be reflected in the overall executive compensation program;
- Performance sensitive – compensation should be linked to operating and market performance of Champion Bear and fluctuate with performance; and

- Market relevant – the executive compensation program should provide market competitive pay in terms of value and structure in order to retain existing employees who are performing according to their objectives and to attract new recruits of the highest calibre.

The objectives of the executive compensation program in compensating all Named Executive Officers are:

- to attract and retain highly qualified executive officers with a history of proven success;
- to align the interests of executive officers with shareholders' interests and with the execution of Champion Bear's business strategy;
- to evaluate executive performance on the basis of key financial measurements, which closely correlate to long-term shareholder value such as revenue, net income and relative total shareholder return; and
- to tie compensation directly to those measurements and rewards based on achieving and overachieving predetermined objectives.

What is the executive compensation program designed to reward?

The executive compensation program is designed to reward corporate and individual performance.

Corporate performance is generally measured and evaluated by reviewing actual performance versus the corporate objectives approved by the Champion Bear Board of Directors at the commencement of the fiscal year.

Individual performance is evaluated based on individual expertise, leadership and achievement of personal performance goals and objectives. In addition, the executive compensation program is designed to reward both short term and long term performance.

What are the elements of the executive compensation program?

Champion Bear's executive compensation program consists of three principal components: base salary; annual cash bonus; and long term incentive programs. The aggregate value of these components; and related benefits, is used as a basis for assessing the overall competitiveness of a Named Executive Officer's total compensation package.

What is the purpose of each element of the executive compensation program and how is the amount (and, where applicable, the formula) of each element determined?

Base Salaries and Annual Cash Bonuses

The base salary is considered the foundation of Champion Bear's executive compensation program. A base salary is intended to provide a fixed level of competitive pay that reflects the executive officer's primary duties and responsibilities. It also provides a foundation upon which incentive opportunities and benefit levels can be established. The Champion Bear Board of Directors considers a number of factors in the determination of base salaries for executive officers, including, generally, Champion Bear's long term interests, financial objectives, and overall performance, and more specifically, leadership ability, level of responsibility, individual performance, years of relevant experience and salaries paid by comparable corporations and entities. Salaries of the Named Executive Officers and all other officers are reviewed annually based upon corporate and personal performance and on individual levels of responsibility.

The annual cash bonus element of the executive compensation program is structured to drive and reward current year results. It is the Champion Bear Board of Director's philosophy that an individual bonus should be tied primarily to that individual's contribution to achieving corporate goals. The granting of annual bonus amounts is at the discretion of Champion Bear's Board of Directors, based upon recommendations from management.

Base salaries and bonuses are determined, in the case of employees, by senior management of Champion Bear and approved by the Champion Bear Board of Directors. Base salaries and bonus levels for Vice-Presidents are established by the

Champion Bear Board of Directors in consultation with the President and Chief Executive Officer and the President and Chief Executive Officer's base salary and bonus are established by the Champion Bear Board of Directors.

Long Term Incentive Plans

The Champion Bear Board of Directors believes that long term incentive compensation plays an essential role in aligning the interests of executives with the goal of maximizing shareholder value. In addition, the Champion Bear Board of Directors believes long term incentives play a critical role in the attraction and retention of senior executives, particularly in the highly competitive market for junior mining industry executives.

Options are granted by the Champion Bear Board of Directors on the recommendations of senior management. Options are normally awarded by the Champion Bear Board of Directors upon the commencement of employment with Champion Bear based on the level of responsibility within Champion Bear. Additional grants may be made periodically to ensure that the number of Options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within Champion Bear. Previous grants of option-based awards are taken into account when considering new grants of option-based awards.

See "Option-Based Awards" for a description of Champion Bear's long-term compensation.

How does each element of compensation and Champion Bear's decisions about that element fit into the overall compensation objectives and affect decisions about other elements?

Decisions concerning appropriate salary levels are made, in most respects, wholly independently from decisions concerning other elements of compensation, because the purpose of the base salary is to provide a fixed level of competitive pay that reflects the executive officer's primary duties and responsibilities. It is the Champion Bear Board of Director's view that the decisions concerning the determination of annual bonuses and long term incentives also involve very different factors, and therefore, most decisions in this regard do not take into account the values of the other compensation components. As part of the compensation determination process, the Champion Bear Board of Directors considers the proportion of each component relative to the total compensation amount and may adjust each component as necessary.

Option-Based Awards

Options

Share Option Plan

We have a share option plan (the "**Option Plan**") pursuant to which the directors, or a committee of directors appointed by our Board, may from time to time, at their discretion, grant to directors, officers, employees and consultants of our company, or any of our subsidiaries, options to purchase Common Shares. The Option Plan limits the number of Common Shares that may be issued upon exercise of options to an aggregate of 6,291,742 Common Shares. Options to purchase 5,396,684 Common Shares (10% of those outstanding as at May 11 2018) are outstanding and 113 Common Shares are available for future grants.

Options granted pursuant to the Option Plan have a term not exceeding five years and vest as to one third on each of the first, second and third anniversaries of the date of grant unless otherwise determined by our Board, provided that if, at any time, more than 10% of the outstanding Common Shares are reserved for issuance under the Option Plan, options granted pursuant to the Option Plan shall vest over a period of not less than 18 months on a pro rata basis. Options granted to consultants performing investor relations activities must vest in stages over a period of not less than 12 months, with no more than one quarter vesting in any three month period.

The exercise price of the options granted pursuant to the Option Plan is determined by our Board and may not be less than the closing trading price per Common Share on the exchange on which such Common Shares are traded on the last trading date preceding the issuance of a news release in respect of the option grant, the filing of a price reservation form in respect of the option grant or the date of grant, as applicable, on which there was a closing price, less the applicable discount. Subject to certain exceptions set forth in the Option Plan, options are not assignable or transferable otherwise then by will or the laws of descent and distribution.

The number of Common Shares reserved for issuance to any one optionee in a 12 month period shall not exceed 5% of the number of outstanding Common Shares. The aggregate number of Common Shares reserved for issuance to any one consultant in a 12 month period shall not exceed 2% of the number of outstanding Common Shares. The aggregate number of Common Shares reserved for issuance to optionees employed to provide investor relations activities in a 12 month period shall not exceed 2% of the number of outstanding Common Shares. Unless the approval of the disinterested shareholders of our company is obtained (which approval has been obtained), the maximum number of Common Shares reserved for issuance pursuant to options granted to insiders at any time may not exceed 10% of the number of outstanding Common Shares, and, unless the approval of the disinterested shareholders of our company is obtained (which approval has been obtained), the maximum number of shares which may be issued to insiders within a one year period may not exceed 10% of the number of outstanding Common Shares.

In the event of an optionee ceasing to be a service provider to our company due to any cause other than death, the optionee may exercise such part of the option as is exercisable immediately prior to the time the optionee ceased to be a service provider within a period which is the earlier of the normal expiry date of the option and the date prescribed by our Board at the time of grant which shall not be in excess of 90 days (30 days in the event that the optionee was engaged in investor relations activities on behalf of our company) following the date that the optionee ceases to be a service provider. In the event of the death of the optionee, the options vested on the date of death are exercisable by the executors or personal representatives of the optionee within the earlier of the normal expiry date of the options and the date determined by our Board at the time of grant which shall not be more than one year from the date of death.

In addition, pursuant to the Option Plan, we and an optionee may mutually agree that we may pay (subject to any applicable withholding tax) the intrinsic value of all or any of the options exercised to the optionee in consideration for the disposition by the optionee of the right to receive Common Shares pursuant to such options and the termination of such right.

Our Board may, subject to the prior approval of any stock exchange on which the Common Shares are listed, amend or discontinue the Option Plan at any time, provided that no such amendment may alter or impair any option previously granted under the Option Plan without the consent of the optionee.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information with respect to the Options granted and outstanding under the Option Plan as at December 31, 2017.

| Plan Category | Number of Common Shares to be Issued Upon Exercise of Outstanding Options | Weighted-Average Exercise Price of Outstanding Options | Number of Common Shares Remaining Available for Future Issuance Under Option Plan |
|--|--|---|--|
| Equity compensation plans approved by Shareholders | 4,646,629 | \$0.11 | 1,500,113 |
| Equity compensation plans not approved by Shareholders | Nil | Nil | Nil |
| Total | 4,646,629 | \$0.11 | 1,500,113 |

As at May 11, 2018, Champion Bear had 5,396,684 Options outstanding and 113 Options available for future issuance.

Summary Compensation Table

The following table sets forth the compensation paid by Champion Bear in the three most recently completed financial years to each of the Named Executive Officers.

| Name and Principal Position | Year | Non-equity incentive plan compensation (\$) | | | | | | | Total compensation (\$) |
|---|------|---|-------------------------|---|---------------------------------------|---------------------------|-----------------------------------|--|-------------------------|
| | | Salary (\$) | Share-based awards (\$) | Option-based awards (\$) ⁽¹⁾ | Annual incentive plans ⁽²⁾ | Long-term incentive plans | Pension value (\$) ⁽³⁾ | All other compensation (\$) ⁽⁴⁾ | |
| Richard D. Kantor Chairman and President | 2017 | 300,000 | Nil | 147,488 | Nil | Nil | Nil | 36,000 | 483,488 |
| | 2016 | 192,000 | Nil | 21,165 | Nil | Nil | Nil | 24,000 | 237,165 |
| | 2015 | 192,000 | Nil | 15,695 | Nil | Nil | Nil | 24,000 | 231,695 |
| Audrey M. Och Chief Financial Officer | 2017 | 100,000 | Nil | 42,118 | Nil | Nil | Nil | Nil | 142,118 |
| | 2016 | 60,000 | Nil | 11,532 | Nil | Nil | Nil | Nil | 71,532 |
| | 2015 | 60,000 | Nil | 5,742 | Nil | Nil | Nil | Nil | 65,742 |

Notes:

- (1) Refers to Options granted under the Option Plan issued during the year. The fair value of the Options granted is obtained by multiplying the number of Options granted by the value established according to the Black-Sholes valuation model. This value is the same as the fair value established in accordance with generally accepted accounting principles. The key inputs used in the model are a five year term, a nil dividend rate, a risk-free interest rate based on the Government of Canada five year bond rate at the time of grant or issue and minimum volatility based on the Minimum Value Method.
- (2) Represents the cash bonus awards paid to the Named Executive Officers.
- (3) Champion Bear does not currently have a pension plan.
- (4) The value of perquisites and other benefits, securities or property for each Named Executive Officer was not greater than the lesser of \$50,000 and 10% of such officer's salary and bonus.

Incentive Plan Awards*Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth for each Named Executive Officer all option-based awards and share-based awards outstanding at the end of the year ended 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 (\$) ⁽²⁾ | Number of Unvested Shares (#) | Market or Payout Value of Unvested Share-Based Awards (\$) |
| Richard D. Kantor Chairman and President | 774,000 | 0.05 | August 21, 2018 | Nil | Nil | Nil |
| | 48,000 | 0.05 | January 20, 2019 | Nil | Nil | Nil |
| | 84,945 | 0.16 | July 7, 2019 | Nil | Nil | Nil |
| | 285,000 | 0.13 | March 8, 2020 | Nil | Nil | Nil |
| | 170,000 | 0.06 | January 17, 2021 | Nil | Nil | Nil |
| | 133,698 | 0.10 | September 29, 2021 | Nil | 44,566 | Nil |
| | 403,350 | 0.17 | January 9, 2022 | Nil | 268,900 | Nil |
| | 510,000 | 0.18 | December 18, 2022 | Nil | 510,000 | Nil |

| 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 (\$) ⁽²⁾ | Number of Unvested Shares (#) | Market or Payout Value of Unvested Share-Based Awards (\$) |
| Audrey M. Och Chief Financial Officer | 50,000 | 0.05 | August 21, 2018 | Nil | Nil | Nil |
| | 250,000 | 0.05 | January 20, 2019 | Nil | Nil | Nil |
| | 84,945 | 0.16 | July 7, 2019 | Nil | Nil | Nil |
| | 106,000 | 0.13 | March 8, 2020 | Nil | Nil | Nil |
| | 133,698 | 0.10 | September 29, 2021 | Nil | 44,566 | Nil |
| | 201,675 | 0.17 | January 9, 2022 | Nil | 134,450 | Nil |
| | 75,000 | 0.18 | December 18, 2022 | Nil | 75,000 | Nil |

Notes:

(1) Common Shares underlying unexercised Options.

(2) The value of the unexercised in-the-money Options is nil as the exercise price of the Options was greater than the fair market value of the underlying shares as at December 31, 2017.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the value of option-based awards and share-based awards which vested during the year ended December 31, 2017 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2017.

| Name | Option-Based Awards – Value Vested During the Year ⁽¹⁾ (\$) | Share-Based Awards Value Vested During the Year (\$) | Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) |
|----------------|--|--|--|
| Richard Kantor | Nil | Nil | Nil |
| Audrey Och | Nil | Nil | Nil |

Note:

(1) The indicated value of option-based awards which vested during the financial year ended December 31, 2017 is nil because in all cases at the time of vesting the exercise price was equal to or greater than the market price of the underlying securities.

Director Compensation

The Champion Bear Board of Directors conducts a yearly review of directors' compensation having regard to current trends in directors' compensation and compensation data for directors of issuers of comparative size to Champion Bear.

Director Compensation Table

The following table sets forth the compensation paid by Champion Bear in the most recently completed fiscal year to the directors, other than directors who are also Named Executive Officers.

| <u>Name</u> | <u>Year</u> | <u>Fees Earned (\$)</u> | <u>Share-based awards (\$)</u> | <u>Option-based awards (\$)⁽¹⁾</u> | <u>Non-equity incentive plan compensation (\$)</u> | <u>Pension value (\$)</u> | <u>All other compensation (\$)</u> | <u>Total (\$)</u> |
|-----------------|---------------------|-------------------------|--------------------------------|---|--|---------------------------|------------------------------------|-------------------|
| David R. Haigh | 2017 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2016 | Nil | Nil | 17,190 | Nil | Nil | Nil | 17,190 |
| | 2015 | Nil | Nil | 5,742 | Nil | Nil | Nil | 5,742 |
| Brad Butler | 2017 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2016 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2015 | Nil | Nil | 5,742 | Nil | Nil | Nil | 5,742 |
| David Benson | 2016 ⁽²⁾ | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2015 | Nil | Nil | 5,742 | Nil | Nil | Nil | 5,742 |
| Todd Dillabough | 2017 | Nil | Nil | 54,417 | Nil | Nil | Nil | 54,417 |
| | 2016 ⁽³⁾ | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

Note:

- (1) Refers to Options granted under the Option Plan during the year. The fair value of the Options granted is obtained by multiplying the number of Options granted by the value established according to the Black-Sholes valuation model. This value is the same as the fair value established in accordance with generally accepted accounting principles. The key inputs used in the model are a five year term, a nil dividend rate, a risk-free interest rate based on the Government of Canada five year bond rate at the time of grant or issue and minimum volatility based on the Minimum Value Method.
- (2) Mr. Benson resigned on July 22, 2016.
- (3) Mr. Dillabough joined the Board on July 13, 2016.

Directors' Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth for each director other than directors who are also Named Executive Officers, all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2017.

| <u>Name</u> | <u>Option-Based Awards</u> | | | <u>Share-Based Awards</u> | | |
|----------------|--|-----------------------------------|-------------------------------|---|---|---|
| | <u>Number of Securities Underlying Unexercised Options (#)</u> | <u>Option Exercise Price (\$)</u> | <u>Option Expiration Date</u> | <u>Value of Unexercised In-The-Money Options (\$)⁽²⁾</u> | <u>Number of Unvested Shares or Units (#)</u> | <u>Market or Payout Value of Unvested Share-Based Awards (\$)</u> |
| David R. Haigh | 209,000 | 0.05 | August 21, 2018 | Nil | Nil | Nil |
| | 250,000 | 0.05 | January 20, 2019 | Nil | Nil | Nil |
| | 84,945 | 0.16 | July 7, 2019 | Nil | Nil | Nil |
| | 106,000 | 0.13 | March 8, 2020 | Nil | Nil | Nil |
| | 100,000 | 0.06 | January 17, 2021 | Nil | Nil | Nil |
| | 133,698 | 0.10 | September 21, 2021 | Nil | 44,566 | Nil |

| 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 (\$) ⁽²⁾ | Number of Unvested Shares or Units (#) | Market or Payout Value of Unvested Share-Based Awards (\$) |
| Brad Butler | 106,000 | 0.13 | March 8, 2020 | Nil | Nil | Nil |
| Todd A. Dillabough | 201,675 | 0.17 | January 9, 2022 | Nil | 134,450 | Nil |
| | 145,000 | 0.18 | December 18, 2022 | Nil | 145,000 | Nil |

Notes:

- (1) Common Shares underlying unexercised Options.
(2) The value of the unexercised in-the-money Options is nil as the exercise price of the Options was greater than the fair market value of the underlying Common Shares as at December 31, 2017.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each of director other than directors who are also Named Executive Officers, the value of option-based awards and share-based awards which vested during the year ended December 31, 2017 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2017.

| Name | Option-Based Awards – Value Vested During the Year ⁽¹⁾ (\$) | Share-Based Awards Value Vested During the Year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|-----------------|--|--|--|
| David R. Haigh | Nil | Nil | Nil |
| Brad Butler | Nil | Nil | Nil |
| Todd Dillabough | Nil | Nil | Nil |

Note:

- (1) The value of the Options that vested in the year is nil as the exercise price of the Options was greater than the fair market value of the underlying shares as at December 31, 2017.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 entitled "Disclosure of Corporate Governance Practices" ("**NI 58-101**") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX Venture Exchange also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for our company is that contained in Form 58-101F2 which is attached to NI 58-101 ("**Form 58-101F2 Disclosure**").

Set out below is a description of our current corporate governance practices, relative to the Form 58-101F2 Disclosure (which is set out below in bold).

1. Board of Directors

- (a) **Disclose how the board of directors (the board) facilitates its exercise of independent supervision over management, including:**
- (i) **the identity of directors that are independent; and**
 - (ii) **the identity of directors who are not independent, and the basis for that determination.**

Our Board has determined that three directors of our company, Messrs. Butler, Dillabough and Haigh are independent. With respect to Mr. Haigh, it was noted that the law firm of which he is a partner provides legal services to us, however, our Board determined that he is independent of us after considering such matters as the magnitude of his personal equity holdings of us and the annual billings of his law firm to us.

Our Board has determined that one member of our Board is not independent. Our Board has determined that Richard D. Kantor is not independent as Mr. Kantor is the President of our company.

2. Directorships

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

- Mr. Dillabough has been a director of Catalyst Paper Corporation since September 2012. Catalyst Paper relisted on the Toronto Stock Exchange under the ticker symbol CYT on January 7, 2013 and was then taken private on January 27, 2017

3. Orientation and Continuing Education

Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

Due to the size of our Board, no formal program exists for the orientation of new directors. Upon joining our Board, new directors will be given access to all of the background documents of our company, including all corporate records, by-laws, corporate policies, organization structure and prior board and committee minutes.

No formal continuing education program exists for our directors. As part of continuing education, our Board will receive management presentations with respect to the operations and risks of our business as needed. In addition, the individual directors identify their continuing education needs through a variety of means, including discussions with management and at Board and committee meetings.

4. Ethical Business Conduct

Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

Our Board has adopted a Code of Business Conduct and Ethics applicable to our directors, officers and employees. A copy of the Code of Business Conduct and Ethics is available for review on SEDAR at www.sedar.com or on our website at www.championbear.com. In addition, our Audit Committee has adopted a "Whistleblower Program" which provides our employees, management, officers, directors, contractors, consultants and our committee members with the ability to report, on a confidential and anonymous basis, any complaints and concerns regarding accounting, internal auditing controls or auditing matters, including, but not limited to, unethical and unlawful accounting and auditing policies, practices or procedures, fraudulent or misleading financial information and instances of corporate fraud. Our Board believes that providing a forum for such individuals to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct within our company.

5. Nomination of Directors

Disclose what steps, if any, are taken to identify new candidates for board nominations, including:

- (i) **who identifies new candidates; and**
- (ii) **the process of identifying new candidates.**

Our Board has appointed a Compensation, Nominating and Corporate Governance Committee that currently consists of Messrs. Brad A. Butler, Todd A. Dillabough and David R. Haigh. Our Board has delegated responsibility to the Compensation, Nominating and Corporate Governance Committee to recommend to our Board suitable candidates as nominees for election or appointment as directors. Due to the small size of our Board, it is anticipated that the committee will canvass all of the members of our Board for their input prior to making a recommendation to our Board. In identifying new candidates for Board nomination, our committee considers, among other things:

- (i) the competencies and skills that our Board considers to be necessary for our Board, as a whole, to possess;
- (ii) the competencies and skills that our Board considers each existing director to possess;
- (iii) the competencies and skills each new nominee will bring to the boardroom; and
- (iv) whether or not each new nominee can devote sufficient time and resources to his duties as a member of our Board.

6. Compensation

Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) **who determines compensation; and**
- (ii) **the process of determining compensation.**

The Compensation, Nominating and Corporate Governance Committee has, as part of its mandate, the responsibility for reviewing matters relating to the human resource policies and compensation of the directors and the President of our company in the context of the budget and business plan of our company. Our company does not have a Chief Executive Officer. As part of the mandate and responsibility of the committee, the committee is responsible for formulating and making recommendations to our Board in respect of compensation issues relating to directors and the President of our company. During the fiscal year ended December 31, 2017, we did not pay any cash compensation to our non-management directors, nor were our directors paid for attendance at board or committee meetings. The committee reviewed and approved the compensation paid to our President for the fiscal year ended December 31, 2017 set forth under the heading "Executive Compensation". Such base annual compensation was determined upon review of comparative data compiled by our company for a number of comparable companies within the resource industries of competitive salaries paid to executive officers. The cash bonus accrued in fiscal 2013 was based on the committee's assessment of the President's contribution in achieving corporate goals.

7. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

Our Board has created a Compensation, Nominating and Corporate Governance Committee which, as part of its mandate, has the responsibility for developing the approach of our company to matters concerning corporate governance and, from time to time, shall review and make recommendations to our Board as to such matters.

8. Assessments

Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

To date, our Board has satisfied itself that our Board, its committees and individual directors are performing effectively through informal discussions.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of our directors, proposed nominees for election as directors, executive officers, employees or former executive officers, directors or employees of us or our subsidiaries, or any associate of any such director, proposed nominee for director, executive officer or employee is, or has been at any time since the beginning of our most recently completed financial year, indebted to us or any of our subsidiaries in respect of any indebtedness that is still outstanding, nor, at any time since the beginning of our most recently completed financial year has any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by us or any of our subsidiaries, other than routine indebtedness.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of our directors or executive officers, any shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of our last completed financial year or in any proposed transaction that has materially affected or would materially affect us or any of our subsidiaries, except as disclosed elsewhere in this information circular – proxy statement. David R. Haigh, a director of our company, is a partner in the law firm of Burnet, Duckworth & Palmer LLP, which firm receives fees for legal services provided to our company as disclosed in the notes to our audited financial statements for the year ended December 31, 2017.

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

Our management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer at any time since the beginning of our last financial year, of any proposed nominee for election as a director, or of any associates or affiliates of any of the foregoing persons, in any matter to be acted on at the Meeting other than the election of directors.

AUDIT COMMITTEE INFORMATION

Composition of the Audit Committee

The Audit Committee of our company is comprised of Brad A. Butler, Todd A. Dillabough and David R. Haigh. The following table sets out the assessment of the Audit Committee member's independence, financial literacy and relevant educational background and experience supporting such financial literacy.

| Name and Municipality of Residence | Independent | Financially Literate | Relevant Education and Experience |
|---|--------------------|-----------------------------|---|
| David R. Haigh, Q.C. Calgary, Alberta | Yes | Yes | Mr. Haigh is a graduate of the University of Alberta in honours history and the University of Toronto in law. Mr. Haigh was admitted to the Alberta Bar in 1965 and since then has actively practised in the field of corporate commercial litigation and, more recently, international commercial arbitration. During his career he has routinely reviewed financial statements and accounting practices in addition to preparing and calling numerous expert witnesses from the accounting professions. In addition, his litigation practice has involved him in a wide variety of commercial disputes involving securities law, banking and corporate law and directors' issues. |

| Name and Municipality of Residence | Independent | Financially Literate | Relevant Education and Experience |
|---|--------------------|-----------------------------|---|
| Brad A. Butler Calgary, Alberta | Yes | Yes | Self-employed businessman who resides in the City of Calgary, Alberta. He is currently Vice President of Cantana Investments Ltd., a position which he has held for the last 40 years. |
| Todd A. Dillabough Calgary, Alberta | Yes | Yes | Mr. Dillabough has served as President and CEO of 2 medium sized energy companies operating in multiple Canadian jurisdictions and countries. Currently, he serves as a member of the Audit Committee for the largest drilling and integrated oilfield services company in South America, San Antonio Oil and Gas Services, and serves as Chairman of a Canadian based specialty oil and gas services company operating in Texas and Alberta, Collaborative Energy Services. During his career, he has routinely reviewed financial statements and accounting practices in multiple Canadian jurisdictions and countries. |

Audit Committee Mandate and Terms of Reference

The text of the Mandate and Terms of Reference of the Audit Committee is appended as Schedule "A" to this Information Circular – Proxy Statement.

Pre-Approval of Policies and Procedures

Under the Mandate and Terms of Reference of the Audit Committee, the Audit Committee is required to review and pre-approve any non-audit services to be provided to our company by the external auditors and consider the impact on the independence of such auditors. The Audit Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member report to the Audit Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Audit Committee from time to time.

The Audit Committee has determined that in order to ensure the continued independence of the auditors, only limited non-audit related services would be provided to our company by KPMG LLP and in such case, only with the prior approval of the Audit Committee.

External Auditor Service Fees

The following table sets forth the audit service fees billed by our external auditor, KPMG LLP, for the periods indicated:

| Type of Fees and Fiscal Year Ended | Aggregate Fees Billed | Description of Services |
|---|------------------------------|--------------------------------|
| Audit Fees | | |
| Fiscal Year Ended December 31, 2017 | \$38,150 | Audit of financial statements |
| Fiscal Year Ended December 31, 2016 | \$38,500 | Audit of financial statements |
| Audit – Related Fees | | |
| Fiscal Year Ended December 31, 2017 | \$nil | |
| Fiscal Year Ended December 31, 2016 | \$nil | |
| Tax Fees | | |
| Fiscal Year Ended December 31, 2017 | \$3,900 | Various taxation matters |
| Fiscal Year Ended December 31, 2016 | \$3,900 | Various taxation matters |
| All Other Fees | | |
| Fiscal Year Ended December 31, 2017 | \$nil | |
| Fiscal Year Ended December 31, 2016 | \$nil | |

Reliance Upon the Exemption in Section 6.1 of National Instrument 52-110 – *Audit Committees*

We are relying on the "venture issuer" exemption set forth in Section 6.1 of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

OTHER MATTERS

Our management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and General Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person voting the proxy.

ADDITIONAL INFORMATION

Additional financial information regarding our business is contained in our audited financial statements and management's discussion and analysis for the fiscal year ended December 31, 2017.

Additional information regarding our business including the materials listed in the preceding paragraph may be found on SEDAR at www.sedar.com. Our securityholders may contact us to request a copy of our financial statements and management's discussion and analysis at:

Champion Bear Resources Ltd.
2005 – 9th Street S.W.
Calgary, Alberta
T2T 3C4

Phone: (403) 229-9522
Fax: (403) 229-9518

SCHEDULE "A"

CHAMPION BEAR RESOURCES LTD.

AUDIT COMMITTEE

MANDATE AND TERMS OF REFERENCE

Role and Objective

The Audit Committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of Champion Bear Resources Ltd. ("**Champion Bear**" or the "**Corporation**") to which the Board has delegated its responsibility for the oversight of the nature and scope of the annual audit, the oversight of management's reporting on internal accounting standards and practices, the review of financial information, accounting systems and procedures, financial reporting and financial statements and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

- to assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of Champion Bear and related matters;
- to provide better communication between directors and external auditors;
- to enhance the external auditor's independence; and
- to increase the credibility and objectivity of financial reports.

Membership of Committee

The Committee will be comprised of at least three (3) directors of Champion Bear or such greater number as the Board may determine from time to time and the majority of the members of the Committee shall not be officers or employees of the Corporation or any of its affiliates.

The Board of Directors may from time to time designate one of the members of the Committee to be the Chair of the Committee.

The majority of the members of the Committee must be "financially literate" (as such term is defined in Multilateral Instrument 52-110 – Audit Committees).

Mandate and Responsibilities of Committee

It is the responsibility of the Committee to:

Oversee the work of the external auditors, including the resolution of any disagreements between management and the external auditors regarding financial reporting.

Satisfy itself on behalf of the Board with respect to Champion Bear's internal control systems:

- identifying, monitoring and mitigating business risks; and
- ensuring compliance with legal, ethical and regulatory requirements.

Review the annual and interim financial statements of Champion Bear and related management's discussion and analysis ("MD&A") prior to their submission to the Board for approval. The process should include but not be limited to:

- reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
- reviewing significant accruals, reserves or other estimates;
- reviewing accounting treatment of unusual or non-recurring transactions;
- ascertaining compliance with covenants under loan agreements;
- reviewing disclosure requirements for commitments and contingencies;
- reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
- reviewing unresolved differences between management and the external auditors; and
- obtain explanations of significant variances with comparative reporting periods.

Review the financial statements, prospectuses and other offering documents, MD&A, annual information forms ("AIF") and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Champion Bear's disclosure of all other financial information and will periodically assess the accuracy of those procedures.

Review and approve the disclosure of audit committee information required to be included in the AIF or the information circular – proxy statement of the Corporation prior to its filing with regulatory authorities.

With respect to the appointment of external auditors by the Board:

- recommend to the Board the external auditors to be nominated;
- recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
- on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
- when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
- review and pre-approve any non-audit services to be provided to Champion Bear or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.

Review with external auditors (and internal auditor if one is appointed by Champion Bear) their assessment of the internal controls of Champion Bear, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Champion Bear and its subsidiaries.

Review risk management policies and procedures of Champion Bear (i.e. hedging, litigation and insurance).

Establish a procedure for:

- the receipt, retention and treatment of complaints received by Champion Bear regarding accounting, internal accounting controls or auditing matters; and
- the confidential, anonymous submission by employees of Champion Bear of concerns regarding questionable accounting or auditing matters.

Review and approve Champion Bear's hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of Champion Bear.

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The external auditors shall be required to report directly to the Committee. The Committee will also have the authority to investigate any financial activity of Champion Bear. All employees of Champion Bear are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at such compensation as established by the Committee and at the expense of Champion Bear without any further approval of the Board.

Meetings and Administrative Matters

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at such times as the Committee considers appropriate. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.
5. The Committee will meet with the external auditor at such times as the external auditor and the Committee consider appropriate.
6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.

8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
11. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chair.

SCHEDULE "B"

CHAMPION BEAR RESOURCES LTD.

RECOMMENDED REPLACEMENT ROLLING 10% SHARE OPTION PLAN

CHAMPION BEAR RESOURCES LTD.

SHARE OPTION PLAN

1. Purpose of the Plan

(a) The purpose of the Share Option Plan (the "**Plan**") is to assist **Champion Bear Resources Ltd.** (the "**Corporation**") in attracting, retaining and motivating directors, officers, employees and consultants of the Corporation and of its subsidiaries and to closely align the personal interests of such directors, officers, employees and consultants with those of the shareholders by providing them with the opportunity, through options, to acquire Common Shares (the "**Common Shares**") in the capital of the Corporation.

(b) Capitalized words and phrases used but not defined herein shall have the same meanings herein as ascribed thereto in the Corporate Finance Manual of the TSX Venture Exchange (the "**Exchange**") and, in particular, in policies 1.1 and 4.4 of the such Corporate Finance Manual, and Outstanding Common Shares shall mean, at the time of any share issuance or grant of Options, the number of Common Shares that are outstanding immediately prior to the share issuance or grant of Options in question on a non-diluted basis, or such other number as may be determined under applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Exchange.

2. Implementation

The grant and exercise of any options under the Plan are subject to compliance with the applicable requirements of the Exchange and each stock exchange on which the shares of the Corporation are or become listed and of any governmental authority or regulatory body to which the Corporation is subject.

3. Administration

The Plan shall be administered by the Board of Directors of the Corporation which shall, without limitation, have full and final authority and discretion, subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Plan. The Board of Directors may delegate any or all of its authority with respect to the administration of the Plan and any or all of the rights, powers and discretions with respect to the Plan granted to it under this Plan to the Compensation, Nominating and Governance Committee (the "**Compensation Committee**") of the Board of Directors or such other committee of directors of the Corporation as the Board of Directors may designate. Upon any such delegation the Compensation Committee or other committee of directors, as the case may be, as well as the Board of Directors, shall be entitled to exercise any or all of such authority, rights, powers and discretions with respect to the Plan. When used in the context of this Plan "**Board of Directors**" shall be deemed to include the Compensation Committee or other committee of directors acting on behalf of the Board of Directors.

4. Number of Shares Under Plan

A maximum number of Common Shares equal to ten percent (10%) (the "**Optioned Shares**") of the Outstanding Common Shares, from time to time, shall be reserved, set aside and made available for issue under and in accordance with the Plan by resolution of the Board of Directors; provided that, in no event shall options be granted entitling any single individual to purchase in excess of five percent (5%) of the Outstanding Common Shares in a twelve month period. If option rights granted to an individual under the Plan shall expire or terminate for any reason without having been exercised in respect of certain Optioned Shares, such Optioned Shares may be made available for other options to be granted under the Plan. In addition:

- (a) The aggregate number of Common Shares reserved for issuance on exercise of Options, within any twelve month period, granted to any one Consultant of the Corporation may not exceed 2% of the Outstanding Common Shares;
- (b) The aggregate number of the Common Shares reserved for issuance on exercise of Options, in any twelve month period, granted to an Employee conducting Investor Relations Activities may not exceed 2% of the Outstanding Common Shares;
- (c) The maximum number of Common Shares reserved for issuance pursuant to Options granted to Insiders at any time may not exceed 10% of number of Outstanding Common Shares; and
- (d) The maximum number of Common Shares issuable on exercise of Options granted to Insiders in a twelve month period shall not exceed 10% of the number of Outstanding Common Shares;

Provided that, for the purposes of paragraphs (c) and (d) above, an entitlement granted prior to the grantee becoming an Insider may be excluded in determining the number of Common Shares issuable to Insiders.

5. Eligibility

Options may be granted under the Plan to such directors, officers, employees or consultants of the Corporation, or of its subsidiaries, as the Board of Directors may from time to time designate as participants (the "**Participants**" or "**Optionees**") under the Plan. Subject to the provisions of this Plan, the total number of Optioned Shares to be made available under the Plan and to each Participant, the time or times and price or prices at which options shall be granted, the vesting dates, the time or times at which such options are exercisable, and any conditions or restrictions on the exercise of options, shall be in the full and final discretion of the Board of Directors. By granting Options hereunder to an Employee or Consultant the Board of Directors of the Corporation represents on behalf of the Corporation that the Optionee is a *bona fide* Employee or Consultant.

6. Terms and Conditions

All options under the Plan shall be granted upon and subject to the terms and conditions hereinafter set forth.

(a) Exercise Price

The exercise price to each Participant for each Optioned Share shall be determined by the Board of Directors, but shall in no event be less than the closing market price of the

Common Shares of the Corporation on the Exchange on the trading day immediately prior to the time of the grant of the option (or, if no trades occurred on such day, then the next previous day on which trading took place) less the maximum discount permitted under the regulations of the Exchange or such other price as may be agreed to by the Corporation and approved by the Exchange.

In the event that the Corporation proposes to reduce the exercise price of Options granted to an Optionee who is an Insider (as defined in the policies of the Exchange) of the Corporation at the time of the proposed amendment, such amendment shall not be effective until disinterested shareholder approval has been obtained in respect of the reduction of the exercise price if required by the rules and policies of the Exchange then in effect.

(b) Option Agreement

All options granted under the Plan shall be evidenced by means of an agreement between the Corporation and each Participant (the "**Option Agreement**") in a form as may be approved by the Board of Directors, such approval to be conclusively evidenced by the execution of the Option Agreement by any two (2) directors or officers of the Corporation other than the Participant.

(c) Length of Grant

All options granted under the Plan shall expire not later than the fifth anniversary of the date such Options were granted and may be exercised by the Participant as to such varying percentages, on a cumulative basis, during the terms thereof as the Board of Directors shall determine.

(d) Vesting

Notwithstanding the length of grant as set forth in subparagraph 6(c) above, the time or times at which Options are exercisable and vesting dates shall be the dates so fixed by the Board of Directors of the Corporation, the Compensation Committee of the Board of Directors of the Corporation or such other committee of directors as the Board of Directors may designate at the time of the award of the Options, subject to the provisions of subparagraph 6(j) below which provides for automatic vesting of all Options upon the occurrence of certain specified events, but in any event Options issued to Consultants performing Investor Relations Activities must vest in stages over 12 months with no more than one quarter of such Options vesting in any three month period.

(e) Assignability of Options

An option granted under the Plan shall not be transferable or assignable (whether absolutely or by way of mortgage, pledge or other charge) by a Participant other than by will or other testamentary instrument or the laws of succession and may be exercisable during the lifetime of the Participant only by the Participant.

(f) Right to Postpone Exercise

Each Participant, upon becoming entitled to exercise an option in respect of any Optioned Shares in accordance with the Option Agreement, shall be entitled to exercise the option to purchase such Optioned Shares at any time prior to the expiration or other termination of

the Option Agreement or the option rights granted thereunder in accordance with such agreement.

(g) Exercise and Payment

Any options granted under the Plan may be exercised by a Participant or the legal representative of a Participant giving notice to the Corporation specifying the aggregate number of shares in respect of which such options are being exercised, the numbers of shares at each individual exercise price in the event of multiple option grants being exercised simultaneously, accompanied by payment (by cash, bank draft or cheque payable to the Corporation) of the entire exercise price (determined in accordance with the Option Agreement) for the number of shares specified in the notice. Upon any such exercise of an option by a Participant the Corporation shall cause the transfer agent and registrar of the Common Shares of the Corporation to promptly deliver to such Participant or the legal representative of such Participant, as the case may be, a share certificate in the name of such Participant or the legal representative of such Participant, as the case may be, representing the number of shares specified in the notice.

(h) Rights of Participants

The Participants shall have no rights as shareholders in respect of any of the Optioned Shares (including, without limitation, any right to receive dividends or other distributions therefrom, voting rights, warrants or rights under any rights offering) other than Optioned Shares in respect of which Participants have exercised their option to purchase and which have been issued by the Corporation.

(i) Alterations in Shares

In the event of a share dividend, share split, issuance of shares or instruments convertible into Common Shares (other than pursuant to the Plan) for less than market value, share consolidation, share reclassification, exchange of shares, recapitalization, amalgamation, merger, consolidation, corporate arrangement, reorganization, liquidation or the like of or by the Corporation, the Board of Directors may make such adjustment, if any, of the number of Optioned Shares, or of the exercise price, or both, as it shall deem appropriate to give proper effect to such event, including to prevent, to the extent possible, substantial dilution or enlargement of rights granted to Participants under the Plan. In any such event, the maximum number of shares available under the Plan may be appropriately adjusted by the Board of Directors. If because of a proposed merger, amalgamation or other corporate arrangement or reorganization, the exchange or replacement of shares in the Corporation by those in another company is imminent, the Board of Directors may, in a fair and equitable manner, determine the manner in which all unexercised option rights granted under the Plan shall be treated including, for example, requiring the acceleration of the time for the exercise of such rights by the Participants and of the time for the fulfillment of any conditions or restrictions on such exercise. All determinations of the Board of Directors under this paragraph 6(i) shall be full and final.

(j) Time of Exercise and Change of Control

All Options will be exercisable in whole on the date upon the occurrence of a written proposal by the Corporation or any other person or corporation to implement a transaction that would, if implemented, result in the following:

- i. The acquisition by any person or corporation, or any persons or corporations acting jointly or in concert (as determined by the Securities Act (Alberta)), whether directly or indirectly, of voting securities of the Corporation which, together with all other voting securities of the Corporation held by such persons or corporations, constitutes, in the aggregate, more than 40% of the Common Shares;
- ii. an amalgamation, arrangement or other form of business combination of the Corporation with another corporation which results in the holders of voting securities of that other corporation holding, in the aggregate, more than 40% of all outstanding voting securities of the Corporation resulting from any such business combination; and
- iii. the sale, lease or exchange of all or substantially all of the property of the Corporation to another person or corporation, other than in the ordinary course of business of the Corporation or to a subsidiary.

(k) Tax Withholding

The Corporation shall have the power and the right to deduct or withhold, or require (as a condition of exercise) an Optionee to remit to the Corporation, the required amount to satisfy, in whole or in part, federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right to (and the Optionee consents to) the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to such Optionee (whether arising pursuant to the Optionee's relationship as a director, officer or employee of the Corporation or as a result of the Optionee providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs (which costs shall be the responsibility of the Optionee and which shall be and are authorized to be deducted from the proceeds of sale). The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares. Any reference in this Plan to the issuance of Common Shares or a payment of cash is expressly subject to this Section (k).

(l) No Guarantees Regarding Tax Treatment

Optionees (or their beneficiaries) shall be responsible for all taxes with respect to any Option under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Corporation and the Committee make no guarantees to any person regarding the tax treatment of an Option or payments made under the Plan and none of the Corporation or any of its employees or representatives shall have any liability to an Optionee with respect thereto.

7. Expiry of Options

(a) **Normal Expiry**

Subject to subparagraphs 7(b), (c), (d) and (e), Options granted under the Plan shall expire on the date provided for in the respective Option Agreement or on such later date as may be permitted by the Board of Directors, which shall be no later than the fifth anniversary of the date on which any such Option is granted.

(b) **Retirement or Disability**

Subject to subparagraph 7(c), in the event of the termination of employment or of a consulting agreement of a Participant with the Corporation or any of its subsidiaries due to normal retirement in accordance with the policies of the Corporation or the respective subsidiary, as the case may be, or due to permanent disability of the Participant (as determined by the Board of Directors), the Participant may exercise such part of the Option as is exercisable immediately prior to the time of such termination within a period of 30 days following such termination in the case of a Participant who is engaged in Investor Relations Activities and ceases to be employed to provide Investor Relations Activities and within a period of 90 days following such termination in every other case but in no event later than the normal expiry date of the Option and any such Option not fully exercised at the end of such period shall then terminate.

(c) **Death of Participant**

In the event of the death of any Participant prior to the expiry of outstanding Options granted to such Participant, the executors or personal representatives of the Participant shall have the right to exercise any such Option within 180 days of the Participant's death, but in no event later than the normal expiry date of the Option and for not more than the number of Options for which the Participant could have exercised any such Option immediately prior to the Participant's death, and any such Option not fully exercised at the end of such period shall then terminate.

(d) **Resignation or Termination not for Cause**

Subject to subparagraph 7(e), in the event of the resignation of a Participant from, the termination of employment of a Participant with, or the removal or resignation of a Participant who is a director, officer, employee or consultant of the Corporation or any of its subsidiaries prior to the expiry of all outstanding Options granted to such Participant, the Participant shall have the right to exercise any such Options within a period of 30 days following the effective date of such resignation in the case of a Participant who is engaged in Investor Relations Activities and ceases to be employed to provide Investor Relations Activities and within a period of 90 days following the effective date of such resignation or termination in every other case but in no event later than the normal expiry date of the Options, but for not more than the number of Options for which the Participant could have exercised any such Option immediately prior to such resignation or termination and any such Option not fully exercised at the end of such period shall then terminate.

(e) **Termination for Cause**

If a Participant is dismissed or terminated as a director, officer, employee or consultant (as the case may be by the Corporation or by one of its subsidiaries) for cause, all unexercised Options of that Participant under the Plan shall immediately terminate forthwith without further notice to the Participant, notwithstanding the original term or vesting of the Options granted to such Participant under the Plan or Option Agreement.

8. Amendment and Discontinuance of Plan

The Board of Directors may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time, provided that no such action may in any manner adversely affect the rights under any options earlier granted to a Participant under the Plan without the consent of that Participant.

9. No Further Rights

Nothing contained in the Plan nor in any option granted under this Plan shall give any Participant or any other person, any interest or title in or to any Common Shares of the Corporation or any rights as a shareholder of the Corporation or any other legal or equitable right against the Corporation other than as set out in the Plan and pursuant to the exercise of any option, nor shall it confer upon the Participants any right to continue as an employee, officer, consultant or director of the Corporation or of its subsidiaries.

10. Compliance with Laws

The obligations of the Corporation to sell Common Shares and deliver share certificates under the Plan are subject to such compliance by the Corporation and the Participants as the Corporation deems necessary or advisable with all applicable corporate and securities laws, rules and regulations.

11. Gender

The use of the masculine gender in this Plan shall be deemed to include or be replaced by the feminine gender where appropriate to the particular Participant.

12. Stock Exchange Requirements

The terms and conditions of the Plan and the implementation thereof shall at all times be subject to the rules and regulations of any stock exchange on which the Shares are listed, and, in the event of any inconsistency between the terms and conditions of the Plan and the rules and regulations of any such exchange, the rules and regulations of such exchange shall prevail.

13. Prior Plans

On the effective date (as defined in Section 14 hereof), subject to Exchange approval and, if required, shareholder approval:

- (a) the Plan shall entirely replace and supersede prior stock option plans, if any, enacted by the Corporation; and
- (b) all outstanding options shall be deemed to be granted pursuant to the Plan.

14. Effective Date

This Plan shall become effective as of and from, and the effective date of the Plan shall be, the date of shareholder approval for the Plan, if such approval is required by the Exchange, subject to final Exchange approval for the Plan, or the date of final Exchange approval for the Plan if the Exchange does not require shareholder approval for the Plan.