



Notice of Meeting and  
Management Information Circular

for the

2018 – 2017 ANNUAL GENERAL MEETING

of

DAMARA GOLD CORP.

Meeting date: Tuesday, July 23, 2019

Time: 10:00am (Pacific Time)





## NOTICE OF ANNUAL GENERAL MEETING

---

**NOTICE IS HEREBY GIVEN** that the 2018 and 2017 Annual General Meeting (the "Meeting") of shareholders of **Damara Gold Corp.** (the "Company") will be held at 335 – 1632 Dickson Avenue, Kelowna, on Tuesday, July 23, 2019 at 10:00am (Pacific Time) for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company for the financial years ended July 31, 2018 and July 31, 2017 together with the auditors' report;
2. To fix the number of Directors of the Company at four;
3. To elect Directors of the Company for the ensuing year;
4. To appoint SMYTHE LLP, as auditors of the Company for the ensuing year and to authorize the Directors of the Company to fix their remuneration;
5. To consider and, if thought fit, to pass an ordinary resolution re-adopting and re-approving the current stock option plan for the Company; and
6. To transact such other business that may properly come before the Meeting or any adjournment thereof.

Accompanying this notice of Meeting (this "**Notice**") are the Company's management information circular (the "**Circular**") and form of proxy (the "**Proxy**"). The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice.

The board of directors has fixed the close of business on **June 17, 2019** as the record date for determining shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournment thereof.

The Circular contains details of matters to be considered at the Meeting. **Please review the Circular before voting.**

Shareholders who are unable to or who do not wish to attend the Meeting in person are requested to read, date and sign the accompanying Proxy and deliver it to Computershare Investor Services Inc. ("Computershare"). If a shareholder does not deliver a Proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by **10:00 a.m. (Kelowna time) on July 19, 2019** (or at least 48 hours, excluding Saturdays, Sundays and holidays, before any adjournment of the meeting at which the Proxy is to be used) then the shareholder will not be entitled to vote at the Meeting by Proxy.

DATED at Kelowna, British Columbia, this 19<sup>th</sup> day of June 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Lawrence Nagy"*

---

**Lawrence Nagy**  
**President and CEO**



## **MANAGEMENT INFORMATION CIRCULAR**

(as at and dated June 19, 2019, unless indicated otherwise)

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies and voting instructions forms ("VIFs") by the management of Damara Gold Corp. (the "Company") for use at the 2018 and 2017 annual general meeting (the "Meeting") of shareholders of the Company (the "Shareholders") (and any adjournment thereof) to be held on Tuesday, July 23, 2019 at the time and place and for the purposes set forth in the accompanying notice of meeting (the "Notice").

### **MAILING OF CIRCULAR**

This Circular is being mailed together with a notice of meeting, request card and proxy or voting instruction form (collectively, the "Meeting Materials"), in accordance with applicable laws, except to those shareholders who requested the information to be delivered by electronic mail. We are not sending Meeting Materials using the 'Notice and Access' procedures available under NI 54-101 in respect of this Meeting. If you are a shareholder and you wish to receive the Company's annual financial statements and/or interim financial statements and the accompanying management's discussion and analysis ("MD&A") thereon, please complete and return the request card included in the Meeting Materials.

### **CURRENCY EXCHANGE RATES**

Financial information contained in this Circular is in Canadian Dollars unless otherwise indicated.

### **GENERAL PROXY INFORMATION**

#### **Solicitation of Proxies**

Solicitation will be primarily by mail, but some proxies and VIFs may be solicited personally or by telephone by regular employees or directors of the Company at a nominal cost. The cost of solicitation by management of the Company will be borne by the Company. We have arranged for Intermediaries to forward the Meeting materials to Beneficial Shareholders held of record by those Intermediaries and we may reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

#### **Completion and Voting of Proxies and VIF's**

##### **Voting**

Voting at the Meeting will be by a show of hands, each registered shareholder (a "**Registered Shareholder**") and each person representing a Registered or Beneficial Shareholder through a Proxy or VIF (a "**Proxyholder**") having one vote, unless a poll is required (if the number of Common Shares represented by Proxies and VIFs that are to be voted against a motion are greater than 5% of the votes that could be cast at the Meeting) or requested, whereupon each such shareholder and Proxyholder is entitled to one vote for each Share held or represented, respectively.

##### **Appointment of Proxyholders**

The persons named in the accompanying form of proxy (the "**Proxy**") are directors and/or officers of the Company. **If you are a Registered Shareholder, you have the right to attend the Meeting or vote by Proxy and to appoint a person or company other than either of the persons designated in the Proxy, who need not be a Shareholder, to attend and vote on the Shareholder's behalf at the Meeting. To exercise this right, the Registered Shareholder may insert the name of the Shareholder's nominee in the space provided or, by completing and delivering another suitable form of Proxy.**

##### **Voting by Proxyholder**

A Registered Shareholder may indicate the manner in which the Proxyholders are to vote on behalf of the Registered Shareholder, if a poll is held, by marking an "X" in the appropriate space of the Proxy. **If both spaces are left blank, the**



**Proxy will be voted as recommended by management for any matter requiring a “For” or “Against” vote, and in favour of the matter for any matter requiring a “For” or “Withhold” vote.**

The Proxy must be dated and signed by the Registered Shareholder or the Registered Shareholder’s attorney authorized in writing. In the case of a corporation, the Proxy must be dated and executed under its corporate seal or signed by a duly authorized officer of, or attorney for, the corporation.

**The Proxy when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice.** The Company’s management is not aware that any amendments or variations are to be presented at the Meeting. If any amendments or variations to such matters should properly come before the Meeting, the Proxies and VIFs hereby solicited will be voted as recommended by management.

**Shareholders may vote their completed Proxies, in accordance with the instructions set out on the Proxy. If voting by mail, Shareholders must return their completed Proxies, together with the power of attorney or other authority, if any, under which it was signed or a notarially certified copy thereof, in accordance with the instructions set out on the Proxy. Proxies and VIFs received after the time set out in the Proxy or VIF for delivery thereof may be accepted or rejected by the Chairman of the Meeting in the Chairman’s discretion.**

#### **Registered Shareholders**

Only persons registered as Shareholders in the Company’s central Security Register maintained by its registrar and transfer agent or duly appointed Proxyholders will be recognized to make motions or vote at the Meeting. Registered Shareholders who choose to submit a Proxy may do so by one of the following methods:

- (a) complete, date and sign the enclosed form of Proxy and return it to the Company’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”), by fax within North America to 1-866-249-7775, by fax outside North America to 416-263-9524, by mail or by hand to the 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1, or by hand delivery to the 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada, V6C 3B9; or
- (b) log onto the internet website of Computershare at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy form for the holder’s account number and the proxy access number.

Registered Shareholders must ensure the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment thereof.

#### **Beneficial Shareholders (Unregistered Shareholders)**

Beneficial Shareholders holding their Common Shares through Intermediaries’ will not be recognized nor may they make motions or vote at the Meeting except as described below.

If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary those Common Shares are probably not registered in the Shareholder’s name. Such Common Shares will probably be registered in the name of the Intermediary or its nominee and can only be voted through a duly completed Proxy given by the Intermediary. Without specific instructions, Intermediaries are prohibited from voting Common Shares for their clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

NI 54-101 requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Intermediaries may have their own mailing procedures and provide their own form of VIF to clients, which should be carefully followed by Beneficial Shareholders to ensure their Common Shares are voted at the Meeting.

There are two kinds of Beneficial owners – those who object to their name being made known to the issuers of securities which they own (called “**OBOS**” for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called “**NOBOS**” for Non-Objecting Beneficial Owners).



The Company does not intend to pay for an Intermediary to deliver to OBOs, as defined in NI 54-101, the proxy-related materials and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary*. As a result, an OBO will not receive the materials unless the OBO's Intermediary assumes the cost of delivery.

The VIF supplied to you by Intermediaries is substantially similar to the Proxy provided by the Company directly to Registered Shareholders, however, it is limited to instructing the Intermediary (as the Registered Shareholder) how to vote on your behalf.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a Beneficial Owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the Intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

The form of Proxy supplied to you by your broker will be similar to the proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote your Common Shares on your behalf. Most Intermediaries in Canada and the United States of America ("USA") delegate responsibility for obtaining instructions from clients to a third-party corporation such as Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge mails a VIF in lieu of a Proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting, and that person maybe you. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting, and the appointment of any shareholder's representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted at the Meeting and to vote your Common Shares at the Meeting.**

Beneficial Shareholders with questions respecting the voting of Common Shares held through an Intermediary should contact that Intermediary for assistance.

### **United States Shareholders**

This solicitation of Proxies and VIFs involve securities of a corporation located in Canada and is being effected in accordance with the corporate and securities laws of the province of British Columbia, Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation. Shareholders should be aware that disclosure and proxy solicitation requirements under the securities laws of British Columbia, Canada differ from the disclosure and proxy solicitation requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia) (the "**Act**"), some of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign corporation or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign corporation and its officers and directors to subject themselves to a judgment by a United States court.

### **Revocation of Proxies**

Shareholders have the power to revoke Proxies and VIFs previously given by them. Revocation of Proxies can be effected by a Registered Shareholder by:

- (a) an instrument in writing (which includes executing a Proxy bearing a later date or by executing a valid notice or revocation, either of the foregoing to be signed by the Registered Shareholder or the Registered Shareholder's attorney authorized in writing and, for a corporation, executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation, and by delivering the proxy bearing a later date to Computershare or at the address of the registered office



of the Company at Suite 335 – 1632 Dickson Avenue, Kelowna BC V1Y 7T2 at any time up to and including the last business day before the day set for the holding of the Meeting, or if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any manner provided by law, or at which the Proxy is to be used, or

- (b) personally attending Meeting and voting the Registered Shareholder's Common Shares. A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

Beneficial Shareholders who wish to revoke a VIF or a waiver of the right to receive proxy-related materials should contact their Intermediaries for instructions.

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

No director or executive officer of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors described herein.

#### **APPROVAL OF RESOLUTIONS**

The Company's articles provide that a quorum for the transaction of business at a meeting of shareholders is two persons represent by proxy or in person. A simple majority of the votes cast at the Meeting (in person or by proxy) is required in order to pass the resolutions referred to in the accompanying Notice of Meeting.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company has an authorized capital of an unlimited number of common shares without par value. As at the date of this Circular, 26,312,579 common shares without par value were issued and outstanding, each such share carrying the right to one (1) vote at the Meeting. The Company has no other class of voting securities. The record date has been fixed in advance by the directors of the Company June 17, 2019 for the purpose of determining those shareholders entitled to receive notice of, and to vote at the Meeting.

To the knowledge of the directors and senior officers of the Company, there are no persons who beneficially own, directly or indirectly, or exercise control or direction over, voting securities carrying more than 10% of the voting rights attached to the voting securities of the Company.

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

##### **Number and Election of Directors**

The Board presently consists of four directors. Management is nominating four individuals to stand for election as directors at the Meeting. It is proposed that the number of directors to be elected at the Meeting for the ensuing year be fixed at four.

The term of office of each of the present directors expires at the Meeting. Management of the Company proposes to nominate the persons named below for election as directors of the Company at the Meeting. In accordance with the Articles of the Company, each director elected will hold office until the next annual general meeting of the members of the Company or until their successor is duly elected or appointed, unless such office is earlier vacated in accordance with the Articles or such director becomes disqualified to act as a director pursuant to the British Columbia *Business Corporations Act* ("BCBCA").

**Except where authority to vote on the Election of Directors is withheld, unless otherwise indicated, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company.**

The following table and notes thereto sets forth the name of each person proposed to be nominated by management for election as a director, the municipality in which he is ordinarily resident, all offices of the Company now held by him, the period of time for which he has been a director of the Company, and the number of Shares beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof:



Name and Address of Nominee and Present Position with Company	Principal Occupation During the Last Five Years	Director Since	Number of Approximate Voting Securities <sup>1</sup>
Lawrence J. Nagy 4525 McLeery Road, Armstrong BC V0E 1B3 Canada President and Chief Executive Officer, Director	Geologist; President, CEO Damara Gold Corp, Director and/or Technical Advisor to several listed, public and private exploration companies	October 24, 2013	959,806
William F. Lindqvist <sup>2</sup> 3 Cazadero Lane, Tiburon CA 94920 USA Director	Director and/or Technical Advisor to several listed, public and private exploration companies	April 9, 2014	568,054
William C. Yeomans <sup>2</sup> 3811 Harding Road, West Kelowna BC V4T 2J8 Canada Director	Professional Geologist and principle of Yeoman's Geological Services Inc.	March 22, 2016	Nil
Lucas Birdsall <sup>2</sup> Director	Director and officer of several public companies, including Triangle Industries Ltd., where he serves as a director, chief financial officer and corporate secretary	May 23, 2018	Nil

<sup>1</sup> Voting securities beneficially owned, directly or indirectly, or over which control or direction is exercised.

<sup>2</sup> Denotes member of the audit committee.

**Management is not presently aware that any of the nominees will be unwilling to serve as a director if elected but in the event that, prior to the Meeting, any vacancies occur in the slate of nominees submitted herewith, the enclosed form of proxy confers discretionary authority upon the persons named therein to vote for the election of any other eligible person designated by the Board, unless instructions have been given to refrain from voting with respect to the election of directors.**

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

To the knowledge of the Company, no proposed director:

- a) is at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) was subject, to a cease trade or similar order or an order that denied the relevant company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "Order"); when such Order was issued while the person was acting in the capacity of a director, chief executive office or chief financial officer of the relevant company; or
  - (ii) was subject to an Order for that was issued after such person ceased to be a director, chief executive officer or chief financial officer of the relevant company, and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive office or chief financial officer of the relevant company; or
- b) is, as at the date of this Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including Damara) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or



- c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- d) 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
- e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The board of directors has not appointed an executive committee.

As Damara is a reporting company, the Company's directors are required to elect an audit committee from their number. **William Lindqvist, William Yeomans and Lucas Birdsall** are the three directors to be elected by the board of directors of the Company to the audit committee for the ensuing year.

#### **Appointment of Auditor**

The persons named in the enclosed instrument of proxy intend to vote for the appointment of Smythe LLP, Chartered Accountants ("Smythe"), as the Company's auditor until the next annual general meeting of shareholders at remuneration to be fixed by the Board.

Management recommends that the shareholders of the Company approve the appointment of Smythe, as auditor for the Company.

**Unless instructions are given to abstain from voting with regard to the appointment of the Auditors, it is the intention of management nominees to vote FOR the appointment of Smythe as auditors of the Company.**

#### **Ratification and Approval of Stock Option Plan**

The Company has a rolling stock option plan (the "Plan"), which makes a total of 10% of the issued and outstanding shares of the Company available for issuance thereunder. The Company's Plan was most recently approved by the shareholders at the last annual general meeting held on June 7, 2016. In accordance with policy 4.4 of the Exchange (the "Exchange"), all rolling stock option plans, such as the Company's requires the approval of the shareholders of the Company on an annual basis.

The purpose of the Plan is to allow Damara to grant options to directors, officers, employees, management employee and consultants ("Eligible Person"), as additional compensation, and as an opportunity to participate in the success of Damara. The granting of such options is intended to align the interests of such Eligible Persons with that of the shareholders.

The Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting of options (including all options granted by the Company to date). The number of Common Shares which may be reserved in any 12-month period for issuance to any one individual upon exercise of all stock options held by that individual may not exceed 5% of the issued and outstanding Common Shares of the Company at the time of the grant. The number of Common Shares which may be reserved in any 12 month period for issuance to any one consultant may not exceed 2% of the issued and outstanding Common Shares and the maximum number of Common Shares which may be reserved in any 12 month period for issuance to all persons engaged in investor relations activities may not exceed 2% of the issued and outstanding Common Shares of the Company. The Plan provides that options granted to any person engaged in investor relations activities will vest in stages over 12 months with no more than ¼ of the stock options vesting in any three-month period.

The Plan will be administered by the Board or a special committee of directors, either of which will have full and final authority with respect to the granting of all stock options thereunder. Stock options may be granted under the Plan to such Eligible Persons, as the board of directors may from time to time designate.

The exercise price of any stock options granted under the Plan shall be determined by the Board but may not be less than the market price of the Common Shares on the Exchange on the date of the grant (less any discount permissible under Exchange rules). The term of any stock options granted under the Plan shall be determined by the Board at the time of grant but, subject



to earlier termination in the event of termination or in the event of death, the term of any stock options granted under the Plan may not exceed ten years. Options granted under the Plan are not to be transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession. Subject to certain exceptions, in the event that an Eligible Person ceases to be an Eligible Person, in relation to the Company, stock options granted to such Eligible Person under the Plan will expire 90 days after such individual or entity ceases to act in that capacity in relation to the Company, or such later date as may be reasonably determined by the Board, notwithstanding such later date may not exceed 12 months from the date the Eligible Person ceased to be and Eligible Person.

Stock options granted to optionees engaged in investor relations activities on behalf of the Company expire 30 days after such optionees cease to perform such investor relations activities for the Company. In the event of death of an option holder, options granted under the Plan expire one year from the date of the death of the option holder.

The full text of the Plan will be available for review at the Meeting and will be supplied free of charge to Shareholders upon written request made directly to the Company at its registered head office located at 335 – 1632 Dickson Avenue, Kelowna BC V1Y 7T2 Attention: President and CEO.

Accordingly, at the Meeting, Damara shareholders will be asked to pass an ordinary resolution ratifying the Plan. All Damara shareholders present at the Meeting, whether in person or by proxy, will be entitled to vote on such resolution as follows:

***Shareholder Approval of Stock Option Plan***

“RESOLVED, as an ordinary resolution that:

1. the adoption of the Company’s Stock Option Plan be ratified, confirmed and approved, subject to acceptance by the Exchange;
2. the Company be authorized to grant stock options pursuant and subject to the terms and conditions of the Plan at any time to a maximum of 10% of the issued and outstanding shares of the Company on the applicable grant date;
3. the Board of Directors be authorized on behalf of the Company to make any amendments to the Stock Option Plan as may be required by regulatory authorities, without further approval of the Shareholders of the Company, in order to ensure adoption of the Stock Option Plan; and
4. any one or more directors and officers of the Company be authorized and directed to perform all such acts and deeds and things and execute, under seal of the Company or otherwise, all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions.”

**Unless otherwise instructed, the person named in the enclosed proxy or voting instruction form intend to vote such proxy or voting instruction form in favour of the approval of the Plan. The directors of the Company recommend that shareholders vote in favour of the approval of the Plan. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast on the resolution.**

**OTHER BUSINESS**

While management of the Company is not aware of any business other than that mentioned in the Notice of Meeting to be brought before the Meeting for action by the shareholders, **it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournment thereof, in accordance with the discretion of the persons authorized to act thereunder.**



## **GENERAL STATEMENT OF EXECUTIVE COMPENSATION – Venture Issuers**

For the purpose of this Statement of Executive Compensation:

**“Company”** means Damara Gold Corp.;

**“compensation securities”** includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

**“external management company”** includes a subsidiary, affiliate or associate of the external management company;

**“NEO”** or **“named executive officer”** means each of the following individuals:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer (**“CEO”**), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer (**“CFO”**), including an individual performing functions similar to a CFO;
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year;

During the financial year ended July 31, 2018 and July 31, 2017 the Company had two Named Executive Officers (**“NEO”**) being:

- a) Lawrence Nagy, President and CEO of the Company; and
- b) Terese Gieselman, CFO and Secretary of the Company.

**“underlying securities”** means any securities issuable on conversion, exchange or exercise of compensation securities.

*All currency references herein are expressed in Canadian Dollars unless otherwise specified.*

### **Director and NEO Compensation**

*Director and NEO compensation, excluding options and compensation securities*

The following table sets forth all compensation for the two most recently completed financial years being July 31, 2018 and July 31, 2017, paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or its subsidiary, to each NEO and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or a director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or its subsidiary.



Table of Compensation Excluding Compensation Securities							
Name and Principal Position	Year Jul 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Lawrence Nagy <sup>1</sup> President and CEO Director	2018	65,000	Nil	Nil	Nil	Nil	65,000
	2017	30,000	Nil	Nil	Nil	Nil	30,000
Terese Gieselman <sup>2</sup> CFO & Secretary Director	2018	40,025	Nil	Nil	Nil	2,675 <sup>3</sup>	42,700
	2017	14,163	Nil	Nil	Nil	Nil	14,163
William Lindqvist Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
William Yeomans Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Lucas Birdsall <sup>4</sup> Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
David Stone <sup>5</sup> Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil

**NOTES:**

- 1 Consulting fees were paid and/or accrued to 43983 Yukon Inc., a company controlled by Lawrence Nagy, the Company's CEO (See *External Management Companies*);
- 2 Consulting fees were paid and/or accrued to Minco Corporate Management, a company controlled by Terese Gieselman, the Company's CFO (See *External Management Companies*);
- 3 Other compensation includes fees for administration, accounting and employment services provided to the Company by Minco personnel (See *External Management Companies*);
- 4 Lucas Birdsall was appointed director on May 23, 2018 in Mr. Stone's stead.
- 5 Mr. Stone resigned as director on May 22, 2018.

*External Management Companies*

The Company retained the services of Lawrence Nagy as President and CEO through his management company, 43983 Yukon Inc. ("43983"), at a rate of \$5,000 per month effective August 1, 2018 and \$2,500 per month for the year ended July 31, 2017. 43983 is a private company controlled by Lawrence Nagy.

The Company retained the services of Terese Gieselman a CFO and Corporate Secretary through her management company, Minco Corporate Management Inc. ("Minco") at a rate of \$75 per hour. Minco is a private company wholly-owned by Terese Gieselman. Additionally Minco also provides corporate, administration, accounting personnel at a rate of \$50 per hour such amounts are included in Other Compensation.

**Compensation Securities Table**

During the years ended July 31, 2018 and 2017 no compensation securities have been issued.

As at July 31, 2018:

- 1 Mr. Nagy held 300,000 options each of which are exercisable into one common share of the Company and all of which are fully vested and are exercisable at \$0.05 per share until July 21, 2021. The options represent 21.05% of the options outstanding and 1.14% of the underlying commons shares issued and outstanding.
- 3 Minco held 350,000 options each of which are exercisable into one common share of the Company and all of which are fully vested and are exercisable at \$0.05 per share until July 21, 2021. The options represent 24.56% of the options outstanding and 1.33% of the underlying commons shares issued and outstanding.
- 4 Mr. Lindqvist held 150,000 options each of which are exercisable into one common share of the Company and all of which are fully vested and are exercisable at \$0.05 per share until July 21, 2021. The options represent 10.53% of the options outstanding and 0.57% of the underlying commons shares issued and outstanding.



- 5 Mr. Yeomans held 150,000 options each of which are exercisable into one common share of the Company and all of which are fully vested and are exercisable at \$0.05 per share until July 21, 2021. The options represent 10.53% of the options outstanding and 0.57% of the underlying commons shares issued and outstanding.
- 6 Mr. Stone held 150,000 options each of which are exercisable into one common share of the Company and all of which are fully vested and are exercisable at \$0.05 per share until July 21, 2021. The options represent 10.53% of the options outstanding and 0.57% of the underlying commons shares issued and outstanding.
- 7 As at July 31, 2018 Mr. Birdsall held nil options.

Percentages are based on 1,425,000 options outstanding and 26,312,579 shares outstanding as at July 31, 2018;

*See Securities Authorized For Issuance Under Equity Compensation Plans for additional information.*

#### **Exercise of Compensation Securities by Directors and NEO's**

During the most recently completed year end July 2018 and 2017 there was no exercise of compensation securities by directors or NEO's.

#### **Stock Option Plan**

The Company's Stock Option Plan provides that the maximum number of options eligible for issuance under the Plan is equal to 10% of the number of common shares of the Company outstanding from time to time. As required by the policies of the Exchange, as this plan is considered a "rolling plan" it requires approval by the shareholders of the Company on an annual basis, which will be sought at the Meeting. Refer to "Particulars of Other Matters to be Acted Upon – Ratification of Stock Option Plan" for further details.

#### **Employment, consulting and management agreements**

Other than set out herein, the Company did not have any formal employment, management or consulting agreements under which compensation was provided during the most recently completed financial year or is payable in respect *See Termination and Change of Control for further details.*

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

The Company does not have any pension or retirement plan which is applicable to the NEOs. The Company has not provided compensation, monetary or otherwise, during the most recently completed financial year, to any person who now or previously has acted as an NEO of the Company, in connection with or related to the retirement, termination or resignation of such person, and the Company has provided no compensation to any such person as a result of a change of control of the Company. The Company is not party to any compensation plan or arrangement with a NEO resulting from the resignation, retirement or termination of employment of any such person.

There are no compensatory plans or arrangements between the Company and a NEO with respect to the resignation, retirement or other termination of employment of the NEO, a change of control of the Company or a change in the NEO's responsibilities following a change of control of the Company.

#### ***Compensation Review Process***

The Company does not have a formal compensation program. The Company's officers in most cases are compensated based on a daily or fixed monthly, amounts and are paid indirectly through professional management and consulting companies in which they are owners, contractors or employees. In establishing fees or salaries for the Company's CEO, other executive officers and directors, consideration is given to salary ranges for comparable positions in similar size resource industry companies. Data for such comparisons is obtained from the evaluation of compensation against industry peers including those with a similar market capitalization, in the business of exploring similar minerals in similar jurisdictions, and from reviewing similar other companies' compensation information included in their information circulars. In setting salaries within competitive ranges, the Company considers performance related factors including the Company's overall results during the past year and its performance relative to a budgeted plan or stated objectives. Consideration also is given to an individual's contribution to the Company and the accomplishments of departments for which that officer has management responsibility, and the potential for future contributions to the Company.



In keeping with the relatively simple compensation structure adopted by most venture issuers, the Company's executive compensation for its executive officers has two primary components, cash compensation and incentive stock options.

#### *Compensation Risk Assessment and Mitigation*

Although the Company does not have formal policies specifically targeting risk-taking in a compensation context, the practice of management and the Board is to consider all factors relating to an executive officer's performance, including any risk mitigation efforts or excessive risk-taking, in determining compensation.

Under the Company's policies, executive officers and directors are not permitted to purchase financial instruments (including prepaid variable contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly by the executive officer or director.

#### *Elements of Executive Compensation Program*

The Company's compensation program consists of the following elements:

- (a) base salary or consulting fees;
- (b) bonus payments; and
- (c) equity participation through the Plan.

#### *Base Salary or Consulting Fees*

Base salary ranges for NEOs were initially determined upon review of salaries paid by other companies that are comparable in size to the Company.

In determining the base salary of a NEO, the Board considers the following factors:

- (a) the particular responsibilities related to the position;
- (b) salaries paid by other companies in the same industry, which were similar in size and stage of development as the Company;
- (c) the experience level of the NEO;
- (d) the amount of time and commitment which the NEO devotes to the Company; and
- (e) the NEO's overall performance and performance in relation to the achievement of corporate milestones and objectives.

#### *Bonus Payments*

Each of the NEOs, as well as all employees, are eligible for an annual bonus, payable in cash or through option-based compensation. The amount paid is based on the Board's assessment of the Company's performance for the year. Factors considered in determining bonus amounts include individual performance, financial criteria (such as cash management and share price performance) and operational criteria (such as significant acquisitions of mineral properties and the attainment of corporate milestones). The Company did not award any bonuses during its financial years ended July 31, 2018 and July 31, 2017.

#### *Equity Participation*

The Company currently offers equity participation in the Company through the Plan.



*Executive Compensation*

Except for the grant of Options to the NEOs and any compensation payable pursuant consulting fees incurred for the performance of duties by the CEO the CFO there are no additional arrangements under which NEOs were compensated by the Company during the two most recently completed financial years for their services in their capacity as NEOs, directors or consultants.

*Director Compensation*

The Company does not currently pay compensation to non-management directors, nor are they paid for attendance at board meetings. The directors are reimbursed for expenses occurred in carrying out their duties as directors and are granted Options from time to time.

The Plan allows the Company to grant Options to the officers, employees and directors. The purpose of granting such Options is to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the Shareholders.

**MANAGEMENT CONTRACTS**

No management functions of the Company are performed to any substantial degree by a person other than the Board or NEO's of the Company.

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

The following table sets forth as at the year ended July 31, 2018, the number of securities authorized for issuance under the Company's Plan which was approved by the shareholders of the Company at the last annual general meeting:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	1,425,000	\$0.05	1,206,258
Equity compensation plans not approved by security holders	—	—	—
Total	1,425,000	\$0.05	1,206,258

NOTES:

- The above numbers are based on 10% of the issued and outstanding shares of 26,312,579 as at July 31, 2018.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As at the date hereof, no director or executive officer of the Company, no proposed nominee for election as a director of the Company, no associate of any such director, executive officer or proposed nominee (including companies controlled by them), no employee of the Company or any of its subsidiaries, and no former executive officer, director or employee of the Company or any of its subsidiaries, is indebted to the Company or any of its subsidiaries (other than for "routine indebtedness" as defined under applicable securities legislation) or is indebted to another entity where such indebtedness 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.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed herein or as previously disclosed in an information circular of the Company, no informed person



(i.e. insider) of the Company, no proposed director of the Company, and no associate or affiliate of any informed person or proposed director has had any material interest, direct or indirect, in any transaction since July 31, 2016 or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

### **INFORMATION ON CORPORATE GOVERNANCE**

The following information of the Company's Corporate Governance Policy is given in accordance with Form 58-101F2 of National Instrument 58-101.

#### **Board of Directors**

The Board is currently composed of four (4) directors, and it is proposed that four (4) directors will be nominated at the Meeting.

Form 58-101F2 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under NI 58-101, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. "Material relationship" is defined as a relationship which could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

Of the proposed nominees, one (1) nominee, Lawrence Nagy is considered "not independent" as Mr. Nagy is the current President and CEO and is considered an "inside" or management director. Each of the remaining three (3) proposed directors are considered by the Board to be "independent", within the meaning of NI 58-101. The independent board determines executive compensation from time to time.

#### **Directorships**

The following table sets forth the directors of the Company who currently hold directorships on other reporting issuers:

Name of Director	Other Issuer
Lawrence Nagy	Golden Ridge Resources Ltd.
William Lindqvist	Golden Ridge Resources Ltd.
Lucas Birdsall	Triangle Industries Inc., Phamalogix Investments Corp., Cameo Cobalt Corp., Blue Aqua Holdings Ltd., Damara Gold Corp., BMGB Capital Corp., Express Capital Corp.

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

The Board does not have a formal orientation and education program for new directors. Upon joining the Board, each director is provided with an orientation program regarding the role of the Board, its committees and its directors, and the nature and operation of the Company's current and past business. They are also provided with a copy of the audit committee charter. The Board encourages directors to participate in continuing education opportunities in order to ensure that the directors may maintain or enhance their skills and abilities as directors, and maintain a current and thorough understanding of the Company's business.

#### **Ethical Business Conduct**

Corporate governance is the structure and process used to direct and manage the business and affairs of a corporation with the objective of enhancing shareholder value. The Board believes that the Company has in place corporate governance practices that are both effective and appropriate to the Company's size and business operations.

To facilitate meeting this responsibility, the Board seeks to foster maintaining a culture of ethical business conduct and social responsibility as critically important. Management consistently strives to instill the Company's principles into the practices and actions of the Company's management and employees.

In that regard, the Board adopted a written **Code of Business Conduct** (the "Code") for its directors, officers, employees and consultants. A copy of the Code can be found on the Company website at [www.damaragoldcorp.com](http://www.damaragoldcorp.com) and has been posted on SEDAR at [www.sedar.com](http://www.sedar.com);



### **Nomination of Directors**

The Board has not established a nominating committee. In circumstances where the Company needs to nominate new directors, current directors put forward candidates to the Board for consideration and potential nomination as a director.

### **Compensation**

The Company has not yet established a compensation committee and to date, decisions regarding compensation for the directors and the executive officers have been made by the independent board members.

### **Other Board Committees**

The Company has no committees other than the audit committee. The Company is small and until now the duties of the recommended committees have been performed by the plenary Board. Going forward, upon the expansion in the size of the Board, the Board will review its corporate governance practices and consider, among other matters, whether it would be desirable to establish additional committees of the Board.

### **Assessments**

The Board has not yet established a formal performance review process for assessing the effectiveness of the Board, the audit committee or the individual directors. It is expected that the contributions of an individual director are informally monitored by the other Board members, having in mind the business strengths of the individual and the reasons for which the individual was nominated for appointment to the Board. The Company will continue to develop its approach to corporate governance in light of its own circumstances and what are recognized as best practices in this area.

## ***DISCLOSURE BY VENTURE ISSUERS***

NI 52-110F2 requires the Company as a 'venture issuer' to disclose annually in its information circular the following information concerning the audit committee and its relationship with its independent auditors.

### **Audit Committee Charter**

The audit committee is governed by its charter, which is set out in the attached Schedule "A" of this Circular.

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

A member of the audit committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of an issuer's board of directors, reasonably interfere with the exercise of a member's independent judgment, or is one of the relationships that is deemed material, which are described above under *Board of Directors*.

A member of the audit committee is considered 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 the Company's financial statements.

The current members of the audit committee are William Lindqvist, William Yeomans and Mr. Birdsall. All members of the audit committee are financially literate and all are considered independent pursuant to section 1.5 of 52-110.

### **Relevant Education and Experience**

**William Lindqvist, Ph.D** served as Vice President of Exploration for Homestake Mining Company and the Executive General Manager of Exploration for Newcrest Mining Limited. Mr. Lindqvist has a Ph.D in Applied Geology from the Royal School of Mines in London and is a member of the SEG and AIME. Additionally Mr Lindqvist has served as director and a member of audit committees over the past several years for Canadian public companies and has developed an understanding of financial reporting sufficient to enable him to act as a member of the Audit Committee.



**Mr. Yeomans**, HonBSc, P.Geo, possesses over 30 years of mineral exploration experience including 14 years managing advanced projects in South America with a focus on gold exploration in Guyana, Suriname and Brazil. Mr. Yeoman's has worked extensively across the Guiana Shield for BHP and for three years, managed the Newmont-Strata Gold joint venture program in NW Guyana as well as in Canada and has 16 years exploration experience in gold projects located in all the major gold camps in Quebec and Ontario. Mr. Yeoman's has 10 years' corporate experience as a Director and officer of Canadian public companies and in excess of 15 years' experience with private companies. Through his involvement with these companies, Mr. Yeomans has developed an understanding of financial reporting sufficient to enable him to act as a member of the Audit Committee.

**Mr. Birdsall** serves as a director and officer of several public companies, including Triangle Industries Inc., Phamalogix Investments Corp., where he serves as President, CEO and director, Cameo Resources Corp., where he serves as a director, and Express Capital Corp., where he serves as a director. Mr. Birdsall is a graduate of the Beedie School of Business at Simon Fraser University. Mr. Birdsall's work experience and education gives him an excellent understanding of financial reporting and qualified member of the Audit Committee.

**Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

**Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

**Pre-Approval Policies and Procedures**

As at the date of this Circular, the Audit Committee has not adopted any specific policies or 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 for audit fees are as follows:

Financial Year Ending	Audit Fees <sup>1</sup>	Audit Related Fees <sup>2</sup>	Tax Fees <sup>3</sup>	All Other Fees <sup>4</sup>
July 31, 2018	\$13,000	\$Nil	\$2,000	\$Nil
July 31, 2017	\$13,000	\$Nil	\$2,000	\$Nil

- 1 The Audit Fees are fees billed by the Company's external auditor for services provided in auditing the annual financial statements.
- 2 Audit Related Fees are fees billed for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements.
- 3 Tax Fees are fees billed by the external auditor for tax compliance, tax advice and planning.
- 4 All Other Fees are fees billed by the external auditor for products and services not included in the categories described above.

**Exemption for Venture Issuers**

The Company is a "venture issuer" as defined in NI 52-110 and is relying on the exemption contained in Section 6.1 of NI 52-110, which exempts the Company from the requirements of Parts 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

**OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.



#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at [www.sedar.com](http://www.sedar.com). Comparative financial information on the Company for the year ended July 31, 2018 and July 31, 2017, together with the auditors' report thereon and management discussion and analysis of the Company will be presented at the Meeting and which can also be accessed at [www.sedar.com](http://www.sedar.com). Shareholders may request copies of the Company's financial statements and MD&A by contacting the Company at Suite 335 – 1632 Dickson Avenue Kelowna, BC V1Y 7T2.

#### **BOARD APPROVAL**

The content and sending of this Circular has been approved by the Company's Board. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED at West Kelowna, British Columbia, this 19<sup>th</sup> day of June, 2019.

**BY THE ORDER OF THE BOARD OF DIRECTORS**

*“Lawrence Nagy”*

**Lawrence Nagy  
President and Chief Executive Officer**



## **SCHEDULE "A"**

### **DAMARA GOLD CORP. (the "Company")**

#### **AUDIT COMMITTEE'S CHARTER**

##### *Mandate*

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

##### *Composition*

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

##### *Meetings*

The Committee shall meet at least once annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

##### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

##### Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.



#### External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

#### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.



(d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.

- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

*Other*

Review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements and to review any related-party transactions.

THIS PAGE INTENTIONALLY LEFT BLANK

