

**SABLE RESOURCES LTD.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the shareholders of Sable Resources Ltd. (the “**Company**”) will be held at Suite 7005, One First Canadian Place, 100 King Street West, Toronto, Ontario on Wednesday, the 26<sup>th</sup> day of June, 2019 at 10:00 a.m. (Toronto time) for the following purposes:

1. to receive and consider the financial statements of the Company for the fiscal period ended December 31, 2018, together with the report of the auditors thereon;
2. to elect directors;
3. to appoint auditors and to authorize the directors to fix their remuneration;
4. to consider, and, if deemed appropriate, to pass with or without variation a resolution to confirm the existing stock option plan of the Company, as more particularly described in the accompanying management information circular;
5. to consider, and, if deemed appropriate, to pass with or without variation a special resolution approving a reduction of the stated capital of the Company’s common shares, as more particularly described in the accompanying management information circular; and
6. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

This notice is accompanied by a form of proxy, a management information circular, and a supplemental mailing list form.

Shareholders who are unable to attend the Meeting in person are requested to complete, date, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

DATED at Toronto, Canada as of the 17<sup>th</sup> day of May, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(Signed) “Thomas Obradovich”*

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Thomas Obradovich, Chief Executive Officer

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**SABLE RESOURCES LTD.**

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**Management Information Circular**

**SOLICITATION OF PROXIES**

This management information circular (the “**Information Circular**”) is furnished in connection with the solicitation by management of Sable Resources Ltd. (the “**Company**”) of proxies to be used at the annual and special meeting of shareholders of the Company (the “**Meeting**”) referred to in the accompanying Notice of Annual and Special Meeting of Shareholders (the “**Notice**”) to be held on June 26, 2019, at the time and place and for the purposes set forth in the Notice. **The solicitation is made by the management of the Company and will be made primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Company at nominal cost. The cost of solicitation by management will be borne by the Company. The information contained herein is given as of May 17, 2019, unless indicated otherwise.**

**APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed form of proxy are directors and/or officers of the Company. **Each shareholder has the right to appoint a person or company, who need not be a shareholder of the Company, other than the persons named in the enclosed form of proxy, to represent such shareholder at the Meeting or any adjournment thereof. Such right may be exercised by inserting such person’s name in the blank space provided and striking out the names of management’s nominees in the enclosed form of proxy or by completing another proper form of proxy. All proxies must be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a company, by an officer or attorney thereof duly authorized. The completed form of proxy must be deposited at the office of Computershare Investor Services Inc., 8th floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, before 10:00 a.m. (Toronto time) on Monday, June 24, 2019.**

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. **not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of holding the Meeting or adjournment thereof at which the proxy is to be used, by delivering another properly executed form of proxy bearing a later date and depositing it as aforesaid;**
2. **by depositing an instrument in writing revoking the proxy executed by him or her with Computershare Investor Services Inc. at its office denoted herein at any time up to and including 4:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or**
3. **in any other manner permitted by law.**

**EXERCISE OF DISCRETION BY PROXIES**

Shares represented by properly executed proxies in favour of the persons named in the enclosed form of proxy **will be voted or withheld from voting in accordance with the instructions of the**

**securityholder on any ballot that may be called for** and, where the person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, **the shares will be voted or withheld from voting in accordance with the specifications so made. Where shareholders have properly executed proxies in favour of the persons named in the enclosed form of proxy and have not specified in the form of proxy the manner in which the named proxies are required to vote the shares represented thereby, such shares will be voted in favour of the passing of the matters set forth in the Notice.** The enclosed form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice and with respect to other matters that may properly come before the Meeting. At the date hereof, management of the Company knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to management of the Company should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

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

Each holder of common shares in the capital of the Company (“**Common Shares**”) of record at the close of business on May 17, 2019 (the “**record date**”) will be entitled to vote at the Meeting or at any adjournment thereof, either in person or by proxy. As of May 17, 2019, the Company had 145,416,897 issued and outstanding Common Shares. Each Common Share carries the right to one vote per share. The outstanding Common Shares are listed on the TSX Venture Exchange (the “**TSXV**”) under the symbol “SAE”.

To the knowledge of the directors and executive officers of the Company as of May 17, 2019, no person beneficially owns, controls or directs, directly or indirectly, 10% or more of the outstanding Common Shares.

### **NON-REGISTERED HOLDERS AND DELIVERY MATTERS**

Only registered Shareholders, or the persons they appoint as their proxies, are permitted to vote at the Meeting.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered 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 (“**Intermediary**”) holding on your behalf.

If you have received the Company’s form of proxy, you may return it to Computershare Investor Services Inc: (i) by regular mail in the return envelope provided, or (ii) by fax at 866-249-7775.

Objecting Beneficial Owners (“**OBOs**”) and other beneficial holders receive a Voting Instruction Form (“**VIF**”) from an Intermediary by way of instruction of their financial institution. Detailed instructions of how to submit your vote will be on the VIF.

**In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Common Shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder’s name in the blank space provided.** Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or VIF is to be delivered.

The Company is not using the “notice-and-access” provisions of National Instrument 54-101 (“**NI 54-101**”) in connection with the delivery of the meeting materials in respect of the Meeting. The Company is not sending such meeting materials directly to “non-objecting beneficial owners” in accordance with NI 54-101, and intends to pay for intermediaries to deliver such meeting materials to “objecting beneficial owners” as defined in NI 54-101.

### COMPENSATION OF EXECUTIVE OFFICERS

The following table provides a summary of compensation for services rendered in all capacities to the Company for the fiscal years ended December 31, 2018, 2017 and 2016 in respect of the individuals who served as (i) the Chief Executive Officer and Chief Financial Officer of the Company during the fiscal year ended December 31, 2018 (the “**Named Executive Officers**”); and (ii) the directors of the Company for the fiscal year ended December 31, 2018. See also “Stock Options and Other Compensation Securities” below. The Company had no other executive officers whose total compensation during the fiscal year ended December 31, 2018 exceeded \$150,000.

**Table of Compensation Excluding Compensation Securities**

<b>Name and Position</b>	<b>Fiscal Year Ended December 31,</b>	<b>Salary, Consulting Fee, Retainer or Commission</b>	<b>Bonus</b>	<b>Committee or Meeting Fees</b>	<b>Value of Perquisites</b>	<b>Value of All Other Compensation</b>	<b>Total Compensation</b>
Tom Obradovich, President, Chief Executive Officer and Director	2018	\$180,000	Nil	Nil	Nil	Nil	\$180,000
	2017	\$147,000	Nil	Nil	Nil	Nil	\$147,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Malashewsky, Chief Financial Officer	2018	\$12,000	Nil	Nil	Nil	Nil	\$12,000
	2017	\$30,000	Nil	Nil	Nil	Nil	\$30,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Richard Godfrey, Former Chief Financial Officer	2018	Nil	Nil	Nil	Nil	\$Nil	Nil
	2017	Nil	Nil	Nil	Nil	\$Nil	Nil
	2016	N/A	N/A	N/A	N/A	N/A	N/A
Brent Gilchrist, Director	2018	Nil	Nil	Nil	Nil	\$Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Terry Harbort, Director & VP of Corporate Development	2018	\$82,680	Nil	Nil	Nil	Nil	\$82,680
	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	N/A	N/A	N/A	N/A	N/A	N/A

Andres Tinajero, Director	2018	Nil	Nil	Nil	Nil	\$Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	N/A	N/A	N/A	N/A	N/A	N/A
Donald Njegovan, Director	2018	Nil	Nil	Nil	Nil	\$Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	N/A	N/A	N/A	N/A	N/A	N/A
Joel Gillham, Former Director and Chief Financial Officer	2018	\$42,000	Nil	Nil	Nil	Nil	\$42,000
	2017	\$58,000	Nil	Nil	Nil	Nil	\$58,000
	2016	\$40,000	Nil	Nil	Nil	Nil	\$40,000

## Stock Options and Other Compensation Securities

Set forth in the table below is a summary of all compensation securities granted or issued to each Named Executive Officer and directors of the Company during the fiscal year ended December 31, 2018.

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price	Closing Price of Security or Underlying Security on Date of Grant	Closing Price of Security or Underlying Security at Year End	Expiry Date
Tom Obradovich, President, Chief Executive Officer and Director <sup>(1)</sup>	Stock options	400,000	March 26, 2018	\$0.245	\$0.245	\$0.20	March 26, 2023
Andrew Malashewsky, Chief Financial Officer <sup>(2)</sup>	Stock options	200,000	March 26, 2018	\$0.245	\$0.245	\$0.20	March 26, 2023
Richard Godfrey, former Chief Financial Officer <sup>(3)</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Joel Gillham, former Director and Chief Financial Officer <sup>(4)</sup>	Stock options	200,000	March 26, 2018	\$0.245	\$0.245	\$0.20	March 26, 2023
Brent Gilchrist, Director <sup>(5)</sup>	Stock options	200,000	March 26, 2018	\$0.245	\$0.245	\$0.20	March 26, 2023
Terry Harbort, Director and VP of Corporate Development <sup>(6)</sup>	Stock options	400,000	March 26, 2018	\$0.245	\$0.245	\$0.20	March 26, 2023
Andres Tinajero, Director <sup>(7)</sup>	Stock options	200,000	March 26, 2018	\$0.245	\$0.245	\$0.20	March 26, 2023
Donald Njegovan, Director <sup>(8)</sup>	Stock options	200,000	March 26, 2018	\$0.245	\$0.245	\$0.20	March 26, 2023

Note(s):

- (1) As of December 31, 2018, Mr. Obradovich held an aggregate of 1,200,000 stock options, each entitling him to acquire one Common Share in accordance with the terms and conditions thereof.
- (2) As of December 31, 2018, Mr. Malashewsky held an aggregate of 600,000 stock options, each entitling him to acquire one Common Share in accordance with the terms and conditions thereof.
- (3) As of December 31, 2018, Mr. Godfrey held an aggregate of 200,000 stock options, each entitling him to acquire one Common Share in accordance with the terms and conditions thereof.
- (4) As of December 31, 2018, Mr. Gillham held an aggregate of 900,000 stock options, each entitling him to acquire one Common Share in accordance with the terms and conditions thereof.
- (5) As of December 31, 2018, Mr. Gilchrist held an aggregate of 900,000 stock options, each entitling him to acquire one Common Share in accordance with the terms and conditions thereof.
- (6) As of December 31, 2018, Mr. Harbort held an aggregate of 1,100,000 stock options, each entitling him to acquire one Common Share in accordance with the terms and conditions thereof.

- (7) As of December 31, 2018, Mr. Tinajero held an aggregate of 700,000 stock options, each entitling him to acquire one Common Share in accordance with the terms and conditions thereof.
- (8) As of December 31, 2018, Mr. Njegovan held an aggregate of 700,000 stock options, each entitling him to acquire one Common Share in accordance with the terms and conditions thereof.

### **Exercise of Compensation Securities by Directors and Named Executive Officers**

Set forth below is a summary of all compensation securities exercised by Named Executive Officers and directors of the Company during the fiscal year ended December 31, 2018.

<b>Name and Position</b>	<b>Type of Compensation Security</b>	<b>Number of Underlying Securities Exercised</b>	<b>Exercise Price per Security</b>	<b>Date of Exercise</b>	<b>Closing Price per Security on Date of Exercise</b>	<b>Difference between Exercise Price and Closing Price on Date of Exercise</b>	<b>Total Value on Exercise Date</b>
Tom Obradovich, President, Chief Executive Officer and Director	Stock Options	400,000	\$0.10	Oct 15, 2018	\$0.24	\$0.14	\$56,000
Andrew Malashewsky, Chief Financial Officer	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Richard Godfrey, former Chief Financial Officer	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Joel Gillham, former Director and Chief Financial Officer	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Brent Gilchrist, Director	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Terry Harbort, Director and VP of Corporate Development	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Andres Tinajero, Director	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Donald Njegovan, Director	n/a	n/a	n/a	n/a	n/a	n/a	n/a

For further details on the stock option plan of the Company (the “**Plan**”), please refer to “Summary of Stock Option Plan” below.

### **COMPENSATION DISCUSSION AND ANALYSIS**

The Company’s approach to executive compensation has been to provide suitable compensation for executives that is internally equitable, externally competitive and reflects individual achievement. The Company attempts to maintain compensation arrangements that will attract and retain highly qualified individuals who are able and capable of carrying out the objectives of the Company.

The Company's compensation arrangements for the Named Executive Officers may, in addition to salary, may include compensation in the form of bonuses and, over a longer term, benefits arising from the grant of stock options. Given the stage of development of the Company, compensation of the Named Executive Officers currently emphasizes option awards with a reduced reliance on base salaries and bonuses. This policy may be re-evaluated in the future depending upon the future development of the Company and other factors which may be considered relevant by the board of directors from time to time.

In respect of the financial year ended December 31, 2018: (i) a salary of \$180,000 was paid in respect of the services of the President and Chief Executive Officer of the Company; (ii) a consulting fee of \$42,000 was paid in respect of the services of Joel Gillham, the former Chief Financial Officer of the Company; (iii) a salary of \$12,000 was paid in respect of the services of the Andrew Malashewsky as Chief Financial Officer of the Company; and (iv) a salary of \$nil was paid in respect of the services of the Richard Godfrey as Chief Financial Officer of the Company. The Company's Compensation and Nominating Committee establishes and reviews the Company's overall compensation philosophy and its general compensation policies with respect to executive officers, including the corporate goals and objectives and the annual performance objectives relevant to such officers. The Compensation and Nominating Committee evaluates each officer's performance in light these goals and objectives and, based on its evaluation, determines and makes recommendations to the board of directors with respect to the salary, bonus, options and other benefits for such officers. In determining compensation matters, the Compensation and Nominating Committee and board of directors may consider a number of factors, including the Company's performance, the value of similar incentive awards to officers performing similar functions at comparable companies, the awards given in past years and other factors it considers relevant. The current overall objective of the Company's compensation strategy is to reward management for their efforts, while seeking to conserve cash given current market conditions. With respect to any bonuses or incentive plan grants which may be awarded to executive officers in the future, the Company has not currently set any objective criteria and will instead rely upon any recommendations and discussion at the board level with respect to the above-noted considerations and any other matters which the board may consider relevant on a going-forward basis, including the cash position of the Company.

Any existing options held by the Named Executive Officers at the time of subsequent option grants are taken into consideration in determining the quantum or terms of any such subsequent option grants. Options have been granted to directors, management, employees and certain service providers as long-term incentives to align the individual's interests with those of the Company. The size of the option awards is in proportion to the deemed ability of the individual to make an impact on the Company's success. See "Summary of Stock Option Plan" below.

### **COMPENSATION OF DIRECTORS**

Directors of the Company that are not also executive officers of the Company are not currently paid any fee in respect of the attendance at directors' and shareholder's meetings. Directors are eligible to participate in the Plan. Directors may also be compensated for services provided to the Company as consultants or experts on the same basis and at the same rate as would be payable if such services were provided by a third party, arm's length service provider. No such services were provided to the Company by any of its directors other than Named Executive Officers during fiscal 2018.

As of December 31, 2018, the Company had an aggregate of 10,450,000 outstanding options, of which 4,600,000 were issued to directors. See "Summary of Stock Option Plan".

## AUDIT COMMITTEE

Multilateral Instrument 52-110 - *Audit Committees* (“MI 52-110”) requires the Company to disclose annually in its management information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

### **Audit Committee Charter**

The Company’s audit committee is governed by an audit committee charter, the text of which is attached as Schedule “A” to this Information Circular.

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

The Company’s audit committee is comprised of Messrs. Tinajero, Harbort and Njegovan. Each member of the audit committee is considered to be “independent”, as defined in NI 52-110, other than Mr. Harbort who is not considered independent by virtue of his role as an executive officer of the Company. Each member of the audit committee is also considered to be “financially literate” which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues of the Company.

### **Relevant Education and Experience**

#### *Andres Tinajero*

Mr. Tinajero has over 20 years of business experience, having supported a broad range of industries, including mining, manufacturing and technology. During the same period, he has served as CFO and Vice President of Finance of several medium sized public companies across Canada. He holds a degree in Business Administration and an MBA, and also is a member of the Chartered Professional Accountants Canada, the Certified Practicing Accountants of Australia and he is a Certified member of the Institute of Corporate Directors.

#### *Terry Harbort*

Dr. Harbort is a professional economic geologist with 24 years of multi-continent experience in mineral exploration. His extensive post-graduate experience focusing on applied structural geology of ore deposits makes Dr. Harbort a specialist in mapping and interpretation of ore geometries and ore controls covering various types of geological environments with direct applications to mineral economics from target generation, target definition and evaluation, and project management. Dr. Harbort is a recognized senior member of the discovery team of the La Colosa and Gramalote deposits for AngloGold Ashanti Ltd. where over a 9-year period he held positions of Senior Geologist and Chief Structural Geologist for the Americas. In 2010, Dr. Harbort was a founder and is Vice President-Exploration of Talisker Exploration Services Inc. an exploration management company providing international exploration consulting in M & A and exploration strategy, project evaluation, target generation and exploration program design and implementation for Osisko Gold Royalties and related companies.

#### *Donald Njegovan*

Mr. Njegovan is currently the Vice President of New Business Development at Osisko Mining Inc., and has a wealth of experience in both the banking and mining sectors with senior roles held previously at Scotiabank and Hudson Bay Mining & Smelting Co. Mr. Njegovan holds a Bachelor of Science Mining Engineering from Michigan Technological University and a Bachelor of Arts from the University of Manitoba. He was also a director of St. Andrew Goldfields prior to its acquisition by Kirkland Lake Gold in 2016.

## Pre-Approval Policies and Procedures

The audit committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the independent auditors of the Company.

### Audit Fees

The following chart summarizes the aggregate fees billed by the external auditors of the Company for professional services rendered to the Company for audit and non-audit related services for the fiscal years ended December 31, 2017 and 2018:

Type of Work	Fiscal Year Ended December 31, 2017	Fiscal Year Ended December 31, 2018
Audit fees <sup>(1)</sup>	\$25,000	\$40,000
Audit-related fees <sup>(2)</sup>	Nil	\$25,000
Tax advisory fees <sup>(3)</sup>	Nil	Nil
All other fees	Nil	\$2,960
<b>Total</b>	<b>\$25,000</b>	<b>\$67,960</b>

Notes

(1) Aggregate fees billed for the Corporation's annual financial statements and services normally provided by the auditor in connection with the Corporation's statutory and regulatory filings.

(2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as "Audit fees", including: assistance with aspects of tax accounting, attest services not required by state or regulation and consultation regarding financial accounting and reporting standards.

(3) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.

### Exemption

The Company is relying on the exemption provided by section 6.1 of MI 52-110 which provides that the Company, as a "venture issuer", is not required to comply with Part 3 (*Composition of the Audit Committee*) or Part 5 (*Reporting Obligations*) of MI 52-110.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Set forth below is a summary of securities issued and issuable under all equity compensation plans of the Company as at December 31, 2018. See also "Summary of Stock Option Plan".

### Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans	10,450,000	\$0.20	10,450,000

approved by securityholders			
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	10,450,000	\$0.20	10,450,000

### **SUMMARY OF STOCK OPTION PLAN**

The Company has adopted the Plan to provide for stock option grants to its service providers from time to time. Up to such number of Common Shares as is equal to 10% of the aggregate number of issued and outstanding Common Shares from time to time may be reserved for issue upon the exercise of options granted pursuant to the Plan. An aggregate of 10,900,000 stock options have been granted by the Corporation under the Plan to date which have not been cancelled or expired or been exercised to date.

The purpose of the Plan is to attract, retain and motivate directors, officers, employees and other service providers by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth.

The options are non-assignable and may be granted for a term not exceeding five years. Options may be granted under the Plan only to directors, officers, employees and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Common Shares may be listed or may trade from time to time. The total number of Common Shares which may be reserved for issuance to any one individual under the Plan within any one-year period shall not exceed 5% of the outstanding issue. The maximum number of Common Shares which may be reserved for issuance to insiders under the Plan, any other employer stock option plans or options for services, shall be 10% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of options which may be granted to insiders under the Plan, together with any other previously established or proposed share compensation arrangements, within any one-year period shall be 10% of the outstanding issue.

The maximum number of stock options which may be granted to any one consultant under the Plan, any other employer stock options plans or options for services, within any 12-month period, must not exceed 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis). The maximum number of stock options which may be granted to any persons performing investor relations services under the Plan, any other employer stock options plans or options for services, within any 12-month period must not exceed, in the aggregate, 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).

The exercise price of options issued may not be less than the “market price” (as defined in the Plan) of the Common Shares at the time the option is granted, less any allowable discounts (subject to a minimum price of \$0.10 in the event that the Common Shares are listed on the TSXV).

At the Meeting, shareholders will be asked to consider and, if deemed fit, confirm the Plan. See “Particulars of Matters to be Acted Upon – Confirmation of Option Plan”.

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

National Policy 58-201 of the Canadian Securities Administrators has set out a series of guidelines for effective corporate governance (the “Guidelines”). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. NI 58-101 requires the disclosure by

each listed corporation of its approach to corporate governance with reference to the Guidelines as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance.

Set out below is a description of the Company's approach to corporate governance in relation to the Guidelines.

### **The Board of Directors**

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Company. A "material relationship" is in turn defined as a relationship which could, in the view of the board of directors, be reasonably expected to interfere with such member's independent judgement. The board of directors is currently comprised of five members, three of whom the board of directors has determined is an "independent director" within the meaning of NI 58-101.

As at May 17, 2019, Messrs. Obradovich and Harbort are not considered independent directors as they also serve as executive officers of the Company. Messrs. Gilchrist, Tinajero and Njegovan are each considered independent directors since they are independent of management and free from any material relationship with the Company. The basis for this determination is that, since the beginning of the fiscal year ended December 31, 2018, none of Messrs. Gilchrist, Tinajero nor Njegovan has worked for the Company, received material remuneration from the Company or had material contracts with or material interests in the Company which could interfere with his ability to act with a view to the best interests of the Company.

The board of directors believes that it functions independently of management. To enhance its ability to act independently of management, the board of directors may in the future meet in the absence of members of management or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

### **Directorships**

None of the directors of the Company currently also serve as directors of other reporting issuers (or equivalent), other than as set forth below.

Thomas Obradovich –Barkerville Gold Mines Limited, Talisker Resources Ltd.

Terry Harbort –Talisker Resources Ltd.

Andres Tinajero – Nutritional High International Inc., Talisker Resources Ltd.

Donald Njegovan – Ascot Resources Ltd.

Brent Gilchrist – Talisker Resources Ltd.

### **Orientation and Continuing Education**

While the Company currently has no formal orientation and education program for new board members, sufficient information (such as recent financial statements, prospectuses, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to any new board member to ensure that new directors are familiarized with the Company's business and the procedures of the board. In addition, new directors are encouraged to visit and meet with management on a regular basis. The Company also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Company.

## **Ethical Business**

Given the small size of the board and stage of development of the Company, the board of directors has determined that the fiduciary obligations placed on directors pursuant to applicable corporate laws are effective in ensuring ethical business conduct on the part of its directors.

## **Nomination of Directors**

The Company formed a Compensation and Nominating Committee consisting of Messrs. Gilchrist, Harbort and Tinajero who are all independent directors with the exception of Mr. Harbort who is an executive officer of the Company. The Compensation and Nominating Committee is responsible for identifying individuals qualified to become new directors and recommending to the Board new director nominees for the next annual meeting of shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, show support for the Company's mission and strategic objectives, and a willingness to serve.

While there are no specific criteria for board membership, the Company attempts to attract and maintain directors with business knowledge and a particular knowledge of mineral exploration and development or other areas (such as finance) which provide knowledge which would assist in guiding the officers of the Company. As such, nominations tend to be the result of recruitment efforts by management of the Company and discussions among the directors prior to the consideration of the board of directors as a whole.

## **Compensation**

The Compensation and Nominating Committee is responsible for reviewing the compensation paid for executive officers of companies of similar business, size and stage of development and determining an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. See also "Compensation Discussion and Analysis".

The Compensation and Nominating Committee also reviews the adequacy and form of compensation of the Company's directors, with a view to ensuring it realistically reflects the responsibilities and risks involved in being a director of the Company.

## *Assessments*

The Compensation and Nominating Committee monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

## **Other Board Committees**

In addition to the Audit Committee and the Compensation and Nominating Committee described above, the board of directors currently has the following committees: Corporate Governance Committee; and Environmental, Health and Safety Committee. The Corporate Governance Committee is responsible for assisting the Company and the Board in fulfilling their respective corporate governance responsibilities under applicable securities laws, instruments, rules and mandatory policies and regulatory requirements and to promote a culture of integrity throughout the Company and reviewing any financing proposals brought to the Company. The Environmental Health and Safety Committee is responsible for reviewing reports from management of the Company concerning the Company's compliance with applicable laws, rules, regulations and standards of corporate conduct with respect to health, safety and environmental matters.

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

Except as otherwise disclosed in this Information Circular, none of the directors or executive officers of the Company, no nominee for election as a director of the Company (“**Nominee**”), none of the persons who have been directors or executive officers of the Company since the commencement of the Company’s last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter of business to be acted upon at the Meeting, other than the confirmation of the existing stock option plan for the Company in connection with which the directors and executive officers of the Company may continue to hold stock options and/or may be entitled to receive stock option grants in the future, all in accordance with the terms thereof, and other than the approval of the reduction of the stated capital of the Common Shares, which approval is being sought in connection with a proposed distribution by the Company of an aggregate of approximately 29,944,000 common shares of Talisker Resources Ltd. (formerly Eurocontrol Technics Group Inc.) to shareholders of the Company on a *pro rata* basis. Certain directors and executive officers of the Company will be entitled to participate in such distribution on a *pro rata* basis based on their respective shareholdings in the Company at the record date for such distribution. See “Particulars of Matters to be Acted Upon – Approval of Reduction in Stated Capital”, and see “Particulars of Matters to be Acted Upon – Confirmation of Option Plan”.

## CEASE TRADE ORDERS OR BANKRUPTCIES

No director or officer of the Company:

1. is, as at the date hereof, or has been, within 10 years before the date hereof, a director or executive officer of any company that,
  - a. while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation (each, an “**Order**”), for a period of more than 30 consecutive days; or
  - b. was subject to an Order that was issued, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of such Order, that resulted from an event that occurred while that person was acting as director or executive officer of that company;
2. has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
3. is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company 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
4. has been subject to:

- a. any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- b. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS TO THE COMPANY**

No individual who is, or at any time during the most recently completed financial year of the Company was, a director, executive officer, employee or former director, executive officer or employee of the Company, a Nominee, or any of their associates, is indebted to the Company or any subsidiary of the Company as of May 17, 2019 or was so indebted at any time during the last completed fiscal year of the Company, nor have any such individuals been or are they currently indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by the Company or any subsidiary of the Company.

#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Company maintains liability insurance for the directors and officers of the Company. The Company's policy of insurance is currently in effect until March 2, 2020. An annual premium of \$11,000 has been paid by the Company. No portion of the premium is directly paid by any of the directors or officers of the Company. The aggregate insurance coverage under the policy for both directors and officers is limited to \$5,000,000 with a \$15,000 deductible (which is paid by the Company). No claims have been made or paid to date under such policy.

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

Other than as set forth below, no director, executive officer, shareholder beneficially owning or exercising control or direction over (directly or indirectly) more than 10% of the Common Shares, or Nominee, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed fiscal year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Company.

Effective January 29, 2018, the Company completed its previously announced acquisitions (the "**Acquisitions**") of BlueJoint Resources Inc. ("**BlueJoint**") and Western Canada Greenfields Group Inc. ("**WCG**"). Each of the Acquisitions was structured in the form of a three-cornered amalgamation, pursuant to which each of BlueJoint and WCG amalgamated with a wholly-owned subsidiary of the Company, and all of the issued and outstanding common shares of BlueJoint ("**BlueJoint Shares**") and WCG ("**WCG Shares**") were acquired by the Company from the existing holders thereof in consideration of the issuance of approximately 0.648 of one Common Share for each BlueJoint Share so held, and approximately 0.139 of one Common Share for each WCG Share so held, resulting in the issuance of 25,111,110 Common Shares in the aggregate. Pursuant to the Acquisitions, Dr. Terry Harbort, a director of the Company, (i) acquired an aggregate of 166,667 Common Shares as a result of his direct shareholdings in WCG; and (ii) indirectly acquired a beneficial interest in an aggregate of 3,500,000 Common Shares as a result of his interest in a shareholder of BlueJoint.

Effective April 18, 2019, the Company completed the disposition (the "**Transaction**") of its mineral properties located in the Province of British Columbia and certain related assets (the "**B.C. Properties**") to Talisker Resources Ltd. ("**Talisker**", formerly "Eurocontrol Technics Group Inc.").

Pursuant to the terms of the Transaction, the Company received from Talisker as consideration for the sale of the B.C. Properties (i) the sum of \$500,000, (ii) 30,000,000 common shares of Talisker (the “**Consideration Shares**”), and (iii) a 1.0% net smelter return royalty on each of the B.C. Properties, with Talisker assuming certain liabilities relating to the B.C. Properties, all in accordance with the terms and conditions of the Transaction. It is a condition of the Transaction that the Company effect a distribution of the Consideration Shares to its shareholders following closing. See “Particulars of Matters to be Acted Upon – Approval of Reduction in Stated Capital”. The Transaction was a “non-arm’s length” transaction between the parties within the meaning of the policies of the TSXV due to the fact that Mr. Andres Tinajero served as Chief Financial Officer of Talisker and as an independent director of the Company Mr. Tinajero owns 596,790 common shares of Talisker representing 0.92% of all issued and outstanding common shares of Talisker as of the date hereof, and owns 900,000 Common Shares representing 0.62% of all issued and outstanding Common Shares as of the date hereof. For further details on the Transaction, please refer to the joint press releases of the Company and Talisker dated January 25 and March 22, 2019 available on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, certain of the directors and officers of the Company will be entitled to participate in the distribution of the Consideration Shares on a pro rata basis to the extent of their respective shareholdings in the Company as at the record date for such distribution.

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

### **1. Financial Statements**

The shareholders will receive and consider the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2018 together with the auditor’s report thereon.

### **2. Election of Directors**

The Board currently consists of five directors. At the Meeting, shareholders will be invited to elect five directors. Each director holds office until the next annual meeting or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the Company’s by-laws. On any ballot that may be called for in the election of directors, the persons named in the enclosed form of proxy intend to cast the votes to which the Common Shares represented by such proxy are entitled for each of the proposed Nominees whose names are set forth below, unless the shareholder who has given such proxy has directed that the Common Shares be otherwise voted or withheld from voting in respect of the election of any such Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for other Nominees at their discretion.

The following table sets out the name of each of the Nominees, all positions and offices in the Company held by each of them, the principal occupation or employment of each of them for the past five years, the year in which each was first elected a director of the Company and the approximate number of Common Shares that each has advised are beneficially owned or subject to his or her control or direction (directly or indirectly):

<b>Name and Province of Residence</b>	<b>Position</b>	<b>Principal Occupation</b>	<b>Director Since</b>	<b>Number of Common Shares Held or Controlled <sup>(1)</sup></b>
Tom Obradovich (4)(5) Ontario	Director, President and Chief Executive Officer	President and Chief Executive Officer of the Company (2016 to present)  Mining executive	2016	3,595,500

Terry Harbort (2)(3) Ontario	Director and Vice-President, Corporate Development	Dr. Harbort is a professional economic geologist with 24 years of multi-continent experience in mineral exploration. In 2010, Terry was a founder and is Vice President - Exploration of Talisker Exploration Services Inc. an exploration management company providing international exploration consulting in M & A and exploration strategy, project evaluation, target generation and exploration program design and implementation for Osisko Gold Royalties and related companies.	2017	5,700,667
Brent Gilchrist (3)(4) British Columbia	Director	An accomplished finance executive with extensive experience in the investment and banking sectors. He has been involved in the JDS Energy & Mining Inc. group since 2012 and is currently the President of JDS Resources Inc., the JDS Group of Companies' venture capital and private equity arm responsible for investment management, acquisitions and project financing. He is also the President and Co-founder of JDS Silver Inc., the owner and operator of the Silvertip Mine located in Northern British Columbia. Mr. Gilchrist was President and Co-founder of JDS Silver Inc., the owner and operator of the Silvertip Mine located in Northern British Columbia. Sold to Coeur Mining in October 2017.	2016	5,380,000
Andres Tinajero (2)(3) Ontario	Director	Mr. Tinajero holds a degree in Business Administration and an MBA and is also a Member of the Chartered Professional Accountants Canada, the Certified Practicing Accountants of Australia and he is a Certified member of the Institute of Corporate Directors. He has served as CFO and Vice President of Finance of several medium sized public companies across Canada.	2017	900,000
Donald Njegovan (2)(4)(5) Ontario	Director	Mr. Njegovan is currently the Vice President of New Business Development at Osisko Mining Inc. and has a wealth of experience in both the banking and mining sectors with senior roles held previously at Scotiabank and Hudson Bay Mining & Smelting Co. Mr. Njegovan holds a Bachelor of Science Mining Engineering from Michigan Technological University and a Bachelor of Arts from the University of Manitoba. He was also a director of St. Andrew Goldfields prior to its acquisition by Kirkland Lake Gold in 2016.	2017	300,000

Notes:

- (1) The information as to Common Shares beneficially owned (directly or indirectly) or over which the Nominees exercise control or direction not being within the knowledge of the Company has been furnished by the respective Nominees individually.
- (2) Member of the Audit Committee of the Company.
- (3) Member of the Compensation and Nominating Committee of the Company.
- (4) Member of the Corporate Governance Committee of the Company
- (5) Member of the Environmental, Health and Safety Committee of the Company.

**The management representatives named in the attached form of proxy intend to vote the Common Shares represented by such proxy in favour of the election of the Nominees set forth in this Information Circular unless a shareholder specifies in the proxy that his or her Common Shares are to be withheld from voting in respect of such resolution.**

### 3. Appointment of Auditors

The directors propose to nominate BDO Canada LLP, the present auditors, as the auditors of the Company to hold office until the close of the next annual meeting of shareholders. BDO Canada LLP were first appointed auditors effective December 12, 2017, prior to which Sam S. Mah Inc. had served as auditors of the Company since February 15, 2005.

In the past, the directors have negotiated with the auditors of the Company on an arm's length basis in determining the fees to be paid to the auditors. Such fees have been based on the complexity of the matters in question and the time incurred by the auditors. The directors believe that the fees negotiated in the past with the auditors of the Company were reasonable and, in the circumstances, would be comparable to fees charged by other auditors providing similar services.

In order to appoint BDO Canada LLP as auditors of the Company to hold office until the close of the next annual meeting, and authorize the directors to fix the remuneration thereof, a majority of the votes cast at the Meeting must be voted in favour thereof.

**The management representatives named in the attached form of proxy intend to vote in favour of the appointment of BDO Canada LLP as auditors of the Company and in favour of authorizing the directors to fix the remuneration of the auditors, unless a shareholder specifies in the proxy that his or her Common Shares are to be withheld from voting in respect of the appointment of auditors and the fixing of their remuneration.**

### 4. Confirmation of Option Plan

The shareholders of the Company most recently approved the Plan on June 28, 2018. Options may be granted in respect of authorized and unissued Common Shares, provided that the aggregate number of Common Shares reserved for issuance upon the exercise of all options granted under the Plan shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time. Underlying Common Shares in respect of which options are not exercised because the relevant options expire or are cancelled, shall be available for issue upon the exercise of subsequent grants of options. An aggregate of 10,900,000 Common Shares (representing approximately 7.50% of the issued and outstanding Common Shares as of May 17, 2019) are currently reserved for issuance pursuant to options granted under the Plan and the Company may grant an additional 3,641,690 options under the Plan (representing approximately 2.50% of the issued and outstanding Common Shares as of May 17, 2019). See also "Summary of Stock Option Plan" above.

Due to the fact that the Plan is a "rolling" stock option plan, the regulations of the TSXV mandate that the Company seek shareholder confirmation of the Plan annually. Accordingly, at the Meeting, shareholders will be asked to consider, and if thought fit, approve the resolutions substantially in the form set forth in

Schedule “B” hereto (the “**Stock Option Plan Resolutions**”) to confirm the Plan as the stock option plan of the Company.

The Stock Option Plan Resolutions will be approved upon the affirmative vote of a majority of the votes cast at the Meeting, excluding votes attaching to Common Shares held by any insiders of the Corporation entitled to receive a benefit under the Plan. As of May 17, 2019, to the knowledge of the Company, such insiders hold an aggregate of approximately 19,995,534 Common Shares.

If the Stock Option Plan Resolutions are approved, (i) the 10,900,000 options currently outstanding under the Plan will remain outstanding, without amendment to their terms; and (ii) the Company will be able to issue up to an additional 3,641,690 options (representing approximately 2.50% of the issued and outstanding Common Shares as of the date hereof) under the Plan (as calculated based upon 10% of the 145,416,897 Common Shares issued and outstanding as of the date hereof, less the number of options previously granted which are to remain outstanding under the Plan). If the Stock Option Plan Resolutions are not approved, (i) the 10,900,000 options currently outstanding under the Plan will remain outstanding under the Plan, without amendment to their terms; (ii) the Plan will convert to a fixed plan based upon 10% of the number of issued and outstanding Common Shares as of the date of the Meeting; and (iii) the Company will be able to issue an additional 3,641,690 options under the Plan.

The Board has concluded that the Plan is in the best interest of the Company and its shareholders. Accordingly, the Board recommends that shareholders vote in favour of the Stock Option Plan Resolutions. **Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote IN FAVOUR OF the approval of the Stock Option Plan Resolutions.**

#### 5. **Approval of Reduction in Stated Capital**

At the Meeting, shareholders will be asked to consider and, if thought fit, pass, with or without amendment, a special resolution authorizing the Company to reduce the stated capital of the Common Shares as more fully described below.

Effective April 18, 2019, the Company completed the Transaction pursuant to which Talisker acquired all of the Company’s interests in the B.C. Properties, in consideration of, *inter alia*, the issuance by Talisker to the Company of the Consideration Shares. See “Interests of Informed Persons in Material Transactions”. It is a condition of the Transaction that the Company effect a distribution of the majority of the Consideration Shares to its shareholders following the closing of the Transaction, on a *pro rata* basis based upon the number of Common Shares held by each shareholder (the “**Share Distribution**”) provided that no shareholder will be entitled to receive any fractional interests in Consideration Shares (or cash payment or any other form of consideration in lieu thereof). It is anticipated that the Share Distribution will involve the distribution of 29,944,000 Consideration Shares to the shareholders of the Company, with the balance of the Consideration Shares to be retained by the Company.

The Company intends to effect the Share Distribution by way of a return of stated capital of the Common Shares to shareholders, which will result in a reduction in the stated capital of the Common Shares in an amount equal to the value of the Consideration Shares so distributed at the effective time of the Share Distribution (the “**Stated Capital Reduction**”). In accordance with the provisions of the BCBCA, the Company’s governing statute, any reduction of stated capital requires the approval of the Company’s shareholders by special resolution.

The Share Distribution remains subject to the receipt of all regulatory approvals. In the event that the Stated Capital Reduction Resolution (as defined below) is approved at the Meeting, the Company will determine a record date to determine shareholders entitled to participate in the Share Distribution.

### *Resale Restrictions*

The Consideration Shares are currently subject to restrictions on resale prescribed by applicable Canadian securities laws, and which expire on August 19, 2019. It is anticipated that the Consideration Shares will continue to be subject to restrictions following completion of the Share Distribution. Until these restrictions expire, a holder of the Consideration Shares will not be able to sell or trade the Consideration Shares unless the holder complies with an exemption from the prospectus and registration requirements under applicable securities laws.

### *Effect of Stated Capital Reduction*

If completed, the Stated Capital Reduction will be reflected under “shareholders’ equity” on the Company’s balance sheet as a reduction in the “share capital” amount.

### *Limitation on the Reduction of Stated Capital under the BCBCA*

The BCBCA provides that a Company shall not reduce its stated capital other than in certain specified circumstances if there are reasonable grounds for believing that the realizable value of the Company’s assets would, after the reduction, be less than the aggregate of its liabilities.

The Company does not have reasonable grounds to believe that the realizable value of the Company’s assets would, as a result of the Stated Capital Reduction, be less than the aggregate of its liabilities.

### *Participation by United States Resident Shareholders*

The Consideration Shares have not, and will not, be registered under the United States *Securities Act of 1933*, as amended. Shareholders of the Company who are resident in the United States, or who are otherwise subject to the applicable securities laws of the United States, will be eligible to participate in the Share Distribution, subject to them qualifying for an exemption from the registration requirements of the United States *Securities Act of 1933*, as amended. Shareholders of the Company who are resident in the United States are encouraged to contact the Company to confirm eligibility to participate in the Share Distribution.

### *Certain Canadian Federal Income Tax Considerations with Respect to the Stated Capital Reduction*

The following is a summary of the principal Canadian federal income tax considerations related to the proposed Stated Capital Reduction and Share Distribution that are generally applicable to shareholders of the Company who, at all relevant times, for the purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”): (a) are resident or deemed to be resident in Canada (b) deal at arm’s length with the Company and Talisker; (c) are not affiliated with the Company or Talisker; and (c) hold all Common Shares, and will hold all Talisker common shares acquired pursuant to the Stated Capital Reduction, as capital property (each such shareholder referred to sometimes in this summary as a “**Holder**”).

A Holder’s Common Shares and Talisker common shares generally will be considered to be capital property of the Holder unless the Holder holds such shares in the course of carrying on a business of trading or dealing in securities or acquired the shares in a transaction considered to be an adventure or concern in the nature of trade. Certain Holders whose Common Shares or Talisker common shares might not otherwise be capital property may, in certain circumstances, be entitled to make an irrevocable election under subsection 39(4) of the Tax Act to have such shares and every other “Canadian security” (as defined in the Tax Act) owned by such Holder in the taxation year in which the election is made and in all subsequent taxation years deemed to be capital property. Holders should consult their own tax advisors regarding whether an election under subsection 39(4) is available and advisable in their particular circumstances.

This summary is based on the current provisions of the Tax Act, the regulations (the “**Regulations**”) thereunder, and the current published administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”) publicly available prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act and the regulations announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “Proposed Amendments”), and assumes that all Proposed Amendments will be enacted in the form proposed, although no assurances can be given in this regard. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental, regulatory, or judicial action or decision, or changes in the administrative practices of the CRA, nor does it take into account other federal or any provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below.

This summary is not applicable to a Holder (i) that is a “financial institution” for purposes of the mark-to-market rules, (ii) that is a “specified financial institution”, (iii) an interest in which is or would constitute a “tax shelter investment”, (iv) that reports its Canadian tax results in a currency other than the Canadian currency, (v) that has entered or will enter into a “derivative forward agreement”, with respect to the Talisker common shares, or (vi) that receives dividends on the Talisker common shares under or as part of a “dividend rental arrangement”, all as defined in the Tax Act. In addition, this summary does not address all issues relevant to Holders who acquired their Common Shares on the exercise of an employee stock option. Such Holders should consult their own tax advisors.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not, and should not be construed as, legal, business or tax advice to any particular Holder and no representations with respect to the tax consequences to any particular Holder are made. Accordingly, all Holders, and all other shareholders of the Company, should consult their own tax advisors regarding the Canadian federal income tax consequences of the Stated Capital Reduction applicable to their particular circumstances.

#### *Distribution of Consideration Shares*

Pursuant to the Stated Capital Reduction, the Company will make the Share Distribution. The Share Distribution will be made by a reduction of the stated capital of the Common Shares, which will result in a reduction of paid-up capital for purposes of the Tax Act. Generally, when a “public corporation”, as defined in the Tax Act, reduces the paid-up capital in respect of a class of its shares and makes a distribution to its shareholders, the amount paid on such reduction is deemed to be a dividend. However, where the paid-up capital of the corporation exceeds the amount of the proposed distribution, a distribution not in excess of the amount by which the paid-up capital is reduced may be treated as a tax free return of capital (subject to the comments below concerning the reduction of the adjusted cost base of the Common Shares) and not as a dividend in certain cases, including (a) where the return of capital is made on the reorganization of the corporation’s business or (b) generally the amount paid on the distribution is derived from proceeds realized from certain non-ordinary course transactions within the previous 24 months. The reduction in capital would not be treated as a deemed dividend if either test is met. Based on the foregoing, the Company believes that the Stated Capital Reduction should qualify as a return of paid-up capital and not be treated as a deemed dividend. A contrary view, however, could be adopted by CRA.

If the Stated Capital Reduction is treated as a return of paid-up capital for purposes of the Tax Act, the adjusted cost base of each Common Share held as capital property by a Holder would be reduced by an amount equal to the fair market value of the Talisker common shares received by the Holder. If such amount exceeds the adjusted cost base of the Common Shares to the Holder, such Holder will be deemed to realize a capital gain equal to such excess (see discussion below under the heading “Taxation of Capital Gains and Capital Losses”).

The cost amount of any Talisker common shares received by a Holder pursuant to the Stated Capital Reduction will be equal to the fair market value of the Talisker common shares received. In determining the adjusted cost base of the Talisker common shares received pursuant to the Stated Capital Reduction, the cost amount of such shares will be averaged with the adjusted cost base to the Holder of any other common shares of Talisker held by the Holder as capital property at that time.

#### *Taxation of Capital Gains and Capital Losses*

A Holder will be required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by it in that year. Generally, a Holder will be required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Holder in that year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back to any of the three preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

A capital loss realized on the disposition of a share by a Holder that is a corporation may, to the extent and under the circumstances specified by the Tax Act, be reduced by the amount of dividends received or deemed to have been received by the corporation on such shares. Similar rules may apply where shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Holders to whom these rules may be relevant should consult their own advisors.

A Holder that is a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay an additional refundable tax on certain investment income, which includes taxable capital gains.

Capital gains realized by individuals and certain trusts may give rise to alternative minimum tax.

#### *Dividends on Talisker common shares*

In the case of a Holder who is an individual (other than certain trusts), dividends received or deemed to be received on the Talisker common shares will be included in computing the Holder’s income, and will be subject to the normal gross-up and dividend tax credit rules applicable to dividends paid by taxable Canadian corporations under the Tax Act, including the enhanced gross-up and dividend tax credit applicable to any dividend designated as an “eligible dividend” in accordance with the provisions of the Tax Act. There may be limitations on the ability of Talisker to designate dividends as “eligible dividends”.

A Holder that is a corporation will be required to include in income any dividend received or deemed to be received on the Talisker common shares and generally will be entitled to deduct an equivalent amount in computing its taxable income. In certain circumstances, section 55(2) of the Tax Act will treat a taxable dividend received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard for their own circumstances.

“Private corporations” (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a refundable tax under Part IV of the Tax Act on dividends.

#### *Dispositions of Talisker common shares*

Generally, a Holder who disposes of or is deemed to dispose of a Talisker common share will realize a capital gain (or a capital loss) equal to the amount by which the Holder’s proceeds of disposition, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of such shares to

the Holder immediately before the disposition. The income tax treatment of capital gains and capital losses is discussed above under the subheading “Taxation of Capital Gains and Capital Losses”.

#### *Eligibility for Investment of Talisker common shares*

Talisker common shares will be a qualified investment under the Tax Act and the Regulations for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and tax-free savings accounts (collectively “**Registered Plans**”), and deferred profit sharing plans at any particular time if, at that time, the Talisker common shares are listed on a designated stock exchange (which currently includes the Canadian Securities Exchange).

Notwithstanding the foregoing, if the Talisker common shares are a “prohibited investment” within the meaning of the Tax Act for the Registered Plan, the annuitant, holder or subscriber, as the case may be (the “**Controlling Individual**”), of the Registered Plan, will be subject to a penalty tax under the Tax Act. The Talisker common shares generally will not be a prohibited investment for a Registered Plan provided the Controlling Individual of the Registered Plan: (i) deals at arm’s length with Talisker for the purposes of the Tax Act; and (ii) does not have a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in Talisker. In addition, the Talisker common shares will not be a prohibited investment if such shares are “excluded property” (as defined in the Tax Act for purposes of the prohibited investment rules) for the Registered Plan.

**Investors who hold Common Shares in a Registered Plan that will acquire Talisker common shares pursuant to the Stated Capital Reduction should consult their own tax advisors regarding the tax rules applicable to their Registered Plan, and whether the Talisker common shares would be a “prohibited investment” in their particular circumstances.**

### **SHAREHOLDER APPROVAL**

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to approve a special resolution substantially in the form attached as Schedule “C” hereto, to approve the Stated Capital Reduction (the “**Stated Capital Reduction Resolution**”).

The Board is of the view that the approval of the Stated Capital Reduction Resolution is in the best interests of the Company and unanimously recommends that shareholders vote in favour of the approval of the Stated Capital Reduction Resolution.

**Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote IN FAVOUR OF the approval of the Stated Capital Reduction Resolution. In order to be effected, the Stated Capital Reduction Resolution must be approved by two-thirds of the votes cast by the shareholders in respect thereof at the Meeting.**

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company’s financial statements and management discussion and analysis for the year ended December 31, 2018. Shareholders may contact the Company at its principal office address at 999 West Hastings Street, Suite 900, Vancouver, British Columbia V6C 2W2, to request copies of the Company’s financial statements and management discussion and analysis.

**APPROVAL**

**The contents and the sending of this Information Circular have been approved by the directors of the Company.**

**DATED:** May 17, 2019.

*(Signed) "Thomas Obradovich"*

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Thomas Obradovich  
Chief Executive Officer

## SCHEDULE A

### SABLE RESOURCES LIMITED

#### Charter of the Audit Committee

This Charter has been adopted by the Board in order to comply with the Multilateral Instrument 52-110 and to more properly define the role of the Audit Committee (the “Committee”) in the oversight of the financial reporting process of Sable Resources Limited (the “Corporation”). Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

#### PART 1

**Purpose:** The purpose of the Committee is to:

- a) significantly improve the quality of the Corporation’s financial reporting;
- b) assist the Board to properly and fully discharge its responsibilities;
- c) provide an avenue of enhanced communication between the Board and external auditors;
- d) enhance the external auditor's independence;
- e) increase the credibility and objectivity of financial reports; and
- f) strengthen the role of the outside members of the Board by facilitating in depth discussions between Members, management and external auditors.

#### 1.1 Definitions

“accounting principles” has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*;

“Affiliate” shall have the meaning ascribed thereto in the Instrument;

“audit services” means the professional services rendered by the Corporation's external auditor for the audit and review of the Corporation's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

“Board” means the board of directors of the Corporation;

“Charter” means this audit committee charter;

“Corporation” means Sable Resources Limited;

“Committee” means the audit committee established by and among certain members of the Board for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;

“Control Person” means any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the

Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation, except where there is evidence showing that the holder of those securities does not materially affect control of the Corporation;

“executive officer” means an individual who is:

- a) a chair of the Corporation;
- b) a vice-chair of the Corporation;
- c) a president of the Corporation;
- d) a vice-president in charge of a principal business unit, division or function including sales, finance or production;
- e) an officer of the Corporation or any of its subsidiary entities who performs a policy-making function in respect of the Corporation; or
- f) any other individual who performs a policy-making function in respect of the Corporation;

“financially literate” has the meaning set forth in Section 1.3;

“immediate family member” means a person’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person’s immediate family member) who shares the individual's home;

“independent” has the meaning set forth in Section 1.2;

“Instrument” means Multilateral Instrument 52-110;

“MD&A” has the meaning ascribed to it in the National Instrument;

“Member” means a member of the Committee;

“National Instrument 51-102” means National Instrument 51-102 *Continuous Disclosure Obligations*;

“non-audit services” means services other than audit services;

## **1.2 Meaning of Independence**

1. A Member is independent if the Member has no direct or indirect material relationship with the Corporation, all as determined in accordance with the Instrument.
2. For the purposes of subsection 1, a material relationship means a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a Member's independent judgement.

**1.3 Meaning of Financial Literacy** -- For the purposes of this Charter, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and

complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

## **PART 2**

**2.1 Audit Committee** – The Board has hereby established the Committee for, among other purposes, compliance with the Instrument.

**2.2 Relationship with External Auditors** – The Corporation will henceforth require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

### **2.3 Committee Responsibilities**

1. The Committee shall be responsible for making the following recommendations to the Board:

- a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and
- b) the compensation of the external auditor.

2. The Committee shall be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

This responsibility shall include:

- a) reviewing the audit plan with management and the external auditor;
- b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
- c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
- d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
- f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
- g) reviewing interim unaudited financial statements before release to the public;

- h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, the annual information form and management's discussion and analysis;
  - i) reviewing any evaluation of internal controls by the external auditor, together with management's response;
  - j) reviewing the terms of reference of the internal auditor, if any;
  - k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses; and
  - l) reviewing the appointments of the Chief Financial Officer and any key financial executives involved in the financial reporting process, as applicable.
3. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.
  4. The Committee shall review the Corporation's financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information.
  5. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.
  6. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Policy 31, and the planned steps for an orderly transition.
  7. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in the National Instrument, on a routine basis, whether or not there is to be a change of auditor.
  8. The Committee shall, as applicable, establish procedures for:
    - a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls, or auditing matters; and
    - b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.
  9. The Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer.
  10. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

**2.4 De Minimis Non-Audit Services** – The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiary entities to the issuer's external auditor during the fiscal year in which the services are provided;
- b) the Corporation or the subsidiary entity of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.

**2.5 Delegation of Pre-Approval Function**

1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).
2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 1 must be presented to the Committee at its first scheduled meeting following such pre-approval.

**PART 3**

**3.1 Composition**

1. The Committee shall be composed of a minimum of three Members.
2. Every Member shall be a director of the issuer.
3. The majority of Members shall be independent.
4. Every audit committee member shall be financially literate.

**PART 4**

**4.1 Authority** – Until the replacement of this Charter, the Committee shall have the authority to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its duties,
- b) set and pay the compensation for any advisors employed by the Committee,
- c) communicate directly with the internal and external auditors; and
- d) recommend the amendment or approval of audited and interim financial statements to the Board.

## **PART 5**

**5.1 Disclosure in Information Circular** -- If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the Board, the Corporation shall include in its management information circular the disclosure required by Form 52-110F2 (*Disclosure by Venture Issuers*). If the Corporation is not required to send a management information circular to its security holders, it must provide the disclosure required by Form 52-110F2 in its annual information form or annual MD&A.

## **PART 6**

### **6.1 Meetings**

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor, if any, and to members of senior management to meet separately with the Members.
3. Minutes shall be kept of all meetings of the Committee.

Approved: October 24, 2018

## **SCHEDULE B**

### **STOCK OPTION PLAN RESOLUTIONS**

#### **BE IT RESOLVED THAT:**

1. the stock option plan of the Company (the “**Plan**”) most recently approved by the shareholders of the Company on June 28, 2018, and the reservation for issuance thereunder of up to 10% of the aggregate number of common shares of the Company as are issued and outstanding from time to time, is hereby approved, ratified and confirmed;
2. the Plan be authorized and approved as the stock option plan of the Company, subject to any limitations imposed by applicable regulations, laws, rules and policies; and
3. any officer or director of the Company is authorized and directed to execute and deliver, under corporate seal or otherwise, all such documents and instruments and to do all such acts as in the opinion of such officer or director may be necessary or desirable to give effect to this resolution.

## SCHEDULE C

### STATED CAPITAL REDUCTION RESOLUTION

#### BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. the stated capital account maintained by the Company for its common shares be reduced by an amount equal to the fair market value of the common shares of Talisker Resources Ltd. (formerly Eurocontrol Technics Group Inc.) to be distributed by the Company on a *pro rata* basis (the “**Distribution**”) to its shareholders of record on the record date for such Distribution, with the actual amount of such reduction to be confirmed by resolution of the board of directors of the Company;
2. notwithstanding that this special resolution has been passed by the shareholders of the Company, the board of directors of the Company may, in its sole discretion and without further approval of the shareholders of the Company, revoke this special resolution at any time before it is acted upon; and
3. any director or officer of the Company is authorized and directed, for and on behalf of the Company, to execute and deliver, or cause to be executed and delivered, all such documents and instruments, and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary or desirable for the purpose of giving effect to these resolutions.