



ucore  
RARE METALS

**UCORE RARE METALS INC.**

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

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**November 14, 2019**

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**UCORE RARE METALS INC.**  
**210 Waterfront Drive, Suite 106**  
**Bedford, Nova Scotia, Canada**  
**B4A 0H3**

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

**NOTICE IS HEREBY GIVEN THAT** an annual and special meeting (the “**Meeting**”) of shareholders (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of Ucore Rare Metals Inc. (the “**Corporation**”) will be held at 210 Waterfront Drive, Suite 106, Bedford, Nova Scotia, B4A 0H3 on Friday, December 13, 2019 at 10:00 am (Atlantic Standard Time) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2018, together with the auditors' report thereon;
2. to elect the directors of the Corporation;
3. to reappoint KPMG LLP, Chartered Accountants, as auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix its remuneration;
4. to consider and, if deemed appropriate, pass, with or without variation, a resolution approving and ratifying the renewal of the Corporation’s rolling stock option plan, as required annually by the applicable policies of the TSX Venture Exchange; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

A Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its duly executed form of proxy with the Corporation’s transfer agent and registrar, Computershare Trust Company of Canada, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, on or before 10:00 a.m. (Atlantic Standard Time) Wednesday, December 11, 2019 or deliver it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting.

Shareholders who are unable to be present personally at the Meeting are urged to sign, date and return the enclosed form of proxy in the envelope provided for that purpose. If you plan to be present personally at the Meeting, you are requested to bring the enclosed form of proxy for identification. The record date for the determination of those Shareholders entitled to receive the Notice of Annual and Special Meeting of Shareholders and to vote at the Meeting was the close of business on Friday, November 8, 2019.

**DATED** at Halifax, Nova Scotia, this 14<sup>th</sup> day of November, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Peter Manuel”*

**Peter Manuel**

**Vice President, Chief Financial Officer and Corporate Secretary**

# UCORE RARE METALS INC.

210 Waterfront Drive, Suite 106  
Bedford, Nova Scotia, Canada  
B4A 0H3

## MANAGEMENT INFORMATION CIRCULAR

as at November 14, 2019 unless otherwise noted.

### SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Ucore Rare Metals Inc. (the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of holders (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of common shares in the capital of the Corporation (“**Common Shares**”) to be held at the time and place and for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the “**Notice**”). The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation.

Except as noted below, the Corporation has distributed or made available for distribution, copies of the Notice, Circular and form of proxy or voting instruction form (if applicable) (the “**Meeting Materials**”) to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “**Intermediaries**”, or individually, an “**Intermediary**”) for distribution to Beneficial Shareholders (as defined below) whose Common Shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Corporation has not elected to pay for the delivery of the Meeting Materials to objecting Beneficial Shareholders by the Intermediaries. The Corporation is sending proxy-related materials directly to non-objecting Beneficial Shareholders, through the services of its transfer agent and registrar, Computershare Trust Company of Canada. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Corporation if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Corporation will not pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Corporation is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered Shareholders or Beneficial Shareholders.

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for such Shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Corporation’s transfer agent and registrar, Computershare Trust Company of Canada., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 not later than 10:00 a.m. (Atlantic Standard Time) on Wednesday, December 11, 2019 or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered Shareholder or his, her or its attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by Shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the Shareholder or by such Shareholder's attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:
  - (i) at the registered office, 210 Waterfront Drive, Suite 106, Bedford, Nova Scotia, B4A 0H3, at any time up to and including Wednesday, December 11, 2019; or
  - (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.

### EXERCISE OF DISCRETION BY PROXIES

The persons named in the accompanying form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

### ADVICE TO BENEFICIAL SHAREHOLDERS

**Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares, or non-objecting beneficial owners whose names have been provided to the Corporation's registrar and transfer agent, can be recognized and acted upon at the Meeting.** The information set forth in this section is therefore of significant importance to a substantial number of Shareholders who do not hold their Common Shares in their own name (referred to in this section as "**Beneficial Shareholders**"). If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary (collectively "**Intermediaries**" or individually an "**Intermediary**"), then in almost all cases those Common Shares will not be registered in such Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common Shares held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Corporation to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails the voting instruction forms or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the voting instruction forms or proxy forms to Broadridge. 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. A Beneficial Shareholder receiving a proxy or voting instruction form from Broadridge

cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their own Common Shares as proxyholder for the Intermediary should enter their own names in the blank space on the management form of proxy or voting instruction form provided to them and return the same to their Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the Meeting. **Beneficial Shareholders should carefully follow the instructions of their Intermediaries and their service companies.**

All references to shareholders in this Circular and the accompanying form of proxy and Notice are to Shareholders of record unless specifically stated otherwise.

### NOTE TO NON-OBJECTING BENEFICIAL OWNERS

The Meeting Materials are being sent to both registered and Beneficial Shareholders. If you are a Beneficial Shareholder, and the Corporation or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

### VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Corporation has fixed the close of business on Friday, November 8, 2019 as the record date (the “**Record Date**”) for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 365,116,414 Common Shares carrying the right to one vote per share at the Meeting were issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Circular, the only persons who beneficially own, or control or direct, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to the Common Shares are as follows:

Name	Number of Shares Owned (Percentage of Class and Type of Ownership)	
	Common Shares <sup>(1)</sup>	Percentage of Voting Rights
Orca Holdings LLC <sup>(2)</sup>	51,224,067	14.03%
Concept Capital Management Ltd.	43,895,035	12.02%

**Notes:**

- (1) The shareholdings are based upon information available on the public record.
- (2) Orca Holdings LLC is owned and controlled by Randy Johnson, a resident of Alaska.

## PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Corporation's board of directors (the "Board"), the only matters to be placed before the Meeting are those set out in the Notice and described below.

### 1. ELECTION OF DIRECTORS

It is proposed that the persons named as nominees hereunder will be nominated at the Meeting. The Board currently consists of five directors. The terms of office of each current director of the Corporation will expire on the date of the Meeting when the new Board is elected. It is intended that each person whose name appears below will be nominated at the Meeting for election as a director of the Corporation to hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed pursuant to the Corporation's by-laws, unless he resigns or his office becomes vacant by removal, death or other cause.

The Corporation's By-Law No. One, as amended pursuant to By-Law No. 1A, contains a requirement providing for advance notice of nominations of directors (the "Advance Notice Requirement") in certain circumstances where nominations for election to the Board are made by Shareholders. For an annual meeting of Shareholders, notice to the Corporation must be provided not less than 30 and not more than 65 days prior to the date of the annual meeting; save and except where the annual meeting is to be held on a date less than 50 days after the date on which the first public announcement of the date of such annual meeting was made, in which event notice may be given not later than the close of business on the 10<sup>th</sup> day following such public announcement. For a special meeting of Shareholders (that is not also an annual meeting), notice to the Corporation must be given not later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of such special meeting was made. The Corporation's By-Law No. One, as amended by By-Law No. 1A, is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**The Management Proxyholders designated in the enclosed form of proxy, unless instructed otherwise, intend to vote FOR the election of each of the nominees listed below.** 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 replacement nominees in their discretion. Each director elected will hold office until the next annual meeting of Shareholders or until such director's office is vacated prior to such time.

The following table states the names of all of the persons proposed to be nominated for election as directors, their principal occupation, the date on which each became a director of the Corporation and the number of shares of the Corporation beneficially owned, controlled or directed, directly or indirectly, by each of them as at November 14, 2019:

Name, Province and Country of Residence and Position with the Corporation <sup>(1)</sup>	Principal Occupation	Director Since	Voting Shares <sup>(2)</sup>	Other Public Board Memberships
Dr. Jaroslav Dostal <sup>(4)(5)(6)</sup> Nova Scotia, Canada Director	Professor Emeritus of Geology, St. Mary's University, Halifax.	September 2007	36,000	None
James McKenzie Nova Scotia, Canada President, CEO and Director	President and CEO of the Corporation.	May 2007	7,164,900	None

Patrick Ryan <sup>(3)(4)(5)(6)</sup> Nova Scotia, Canada Director	President, Neocon International, an automotive OEM design and manufacturing company.	May 2012	122,900	None
Geoff Clarke <sup>(3)(4)(5)(6)</sup> Ontario, Canada Director	Partner, Miller Thomson LLP, a law firm.	October 2013	-	None
Steven Meister <sup>(3)(5)(6)</sup> Northwest Territories, Canada Director	Director of Client Development and Delivery, Williams Engineering Canada Ltd.	November 2016	166,000	None

**Notes:**

- (1) The information as to province and country of residence and principal occupation of each nominee, not being within the knowledge of the Corporation, has been furnished by the respective nominees.
- (2) Common shares of the Corporation beneficially owned, controlled or directed, directly or indirectly, based upon information furnished to the Corporation by respective nominees individually.
- (3) Member of the Corporation's Audit Committee.
- (4) Member of the Corporation's Compensation Committee.
- (5) Member of the Corporation's Special Committee.
- (6) Member of the Corporation's Independent Committee.

Dr. Dostal is Professor Emeritus of Geology at Saint Mary's University in Halifax, where he has been a member of the faculty since 1975. He has over 40 years' experience in geology, ore deposit studies and geochemistry. He has published more than 300 scientific papers and is a widely acknowledged expert on rare metal mineralization in granitoids and volcanic rocks. He is the recipient of the 2005 Career Achievement Award of the Volcanology and Igneous Petrology Division of the Geological Association of Canada and the 2007 Gesner Medal for Distinguished Scientist of the Atlantic Geoscience Society. He was a member of the Board of Governors of Saint Mary's University for six years. He is also Honorary Professor of Mongolian University of Science and Technology in Ulaanbaatar and past chair of the Volcanology and Igneous Petrology Division of the Geological Association of Canada. Currently, he is a Section Editor of Geoscience Canada (Journal of Geological Association of Canada) and Adjunct Professor, Department of Earth Sciences, Dalhousie University. In 2012, he was a Finalist for Professional of Distinction, Discovery Centre, Halifax, Nova Scotia.

Mr. McKenzie has been the President and Chief Executive Officer of the Corporation since January 2007, and prior to that was the Corporation's Vice President Business Development from November 1, 2006. Mr. McKenzie is the former president of Worldmax Communications Inc., which between 2002 and 2006 was one of Canada's largest sales and service purveyors for Allstream Corp., a national IT, telecom and networking company. Between 1999 and 2002, he variously served as Vice President, President and Chief Executive Officer of TigerTel Communications Inc., a wholly owned subsidiary of AT&T Corp. and AT&T Canada, managing multiple data, voice processing and sales facilities in markets across Canada. From 1988 until 1999, he was the President of Mediapro Inc., a national telecommunications provisioner, with offices in major markets from Halifax to Vancouver, as well as a Director of Tagcom Canada Inc., an interconnect sales company operating throughout Western Canada. Mr. McKenzie has performed marketing and data management campaigns on behalf of numerous national organizations, including Bell Canada, AT&T Canada, Lucent, PSINet, Rogers, DND and the Christian Children's Fund of Canada. Mr. McKenzie holds a Bachelor of Commerce Degree from Dalhousie University in Halifax.

Mr. Ryan is the Founder of Neocon International, a multi-million-dollar automotive OEM design and lean manufacturing company serving international markets which he conceptualized in 1993. From its start-up he was the strategic architect responsible for raising capital, assembling and directing a team of R&D engineers and establishing stringent quality, production and business standards mandated by a technically-capable Tier One supplier. Product

development of factory installed components sees his team focus on niche value-added opportunities originating from lighter weight and high strength materials tapping into OEM “green” initiatives as well as patented processing advantages that reduce output cycle times and cost. Under Mr. Ryan’s direction, Neocon was acquired in 2002 by Exco Technologies, Ltd., a publicly traded TSX company. He continues to spearhead a growth strategy for Neocon today and unique to the new structure is able to access additional capital to further develop leading edge product lines and introduce expanded manufacturing facilities in North America, serving customers such as Toyota, Nissan and General Motors. Prior to founding Neocon, he held positions as V.P. Operations for Plastics Maritime Ltd. and Product Design Engineer for T.S. Simms and Company. Mr. Ryan mentors MBA students and graduating design engineers from Dalhousie University from which he holds a Bachelor of Engineering degree. He is the recipient of the APENS Award from the Association of Professional Engineers of Nova Scotia as “the most likely to serve society in an ethical manner”.

Mr. Clarke is a Partner at Miller Thomson LLP, a Canadian based full service law firm with approximately 550 lawyers and 12 offices across Canada. He has over 20 years of experience in investment banking, financial advisory services, corporate and securities law as well as teaching experience at the university level in the fields of business law and corporate finance. His law practice focuses on advising public companies, institutional investors and investment banks in regard to securities offerings, mergers and acquisitions, corporate governance, shareholder activism, continuous disclosure, stock exchange matters and securities regulatory compliance matters. His M&A experience includes advising special committees in connection with take-overs, reorganizations, and searching for and prioritizing strategic alternatives. Geoff has extensive experience with clients in the mining sector. Geoff was formerly a partner at a large international business law firm that was a six-time recipient of a global “Mining Law Firm of the Year” award. He was later the President of a full-service institutional investment dealer with offices in Vancouver, Toronto and Montreal. His role at the dealer included providing financial and strategic advice to mining industry companies regarding off-take agreements, joint-ventures, strategic partnerships and raising capital.

Mr. Meister has over 25 years of management and business development experience across Canada. Since 1995, Mr. Meister has been strategically involved in various key business initiatives involving the mining industry, oil and gas industry and utility companies across northern and western Canada. Currently, Mr. Meister is employed with Williams Engineering Canada Ltd. as Director, Client Development and Delivery. As a member of the senior leadership team, Mr. Meister’s key responsibility in addition to managing the northern Canada operating region includes creating a business development service line, as well as directing the project management function of Williams engineering deliverables. Previously, Mr. Meister worked at Stantec (formally Jacques Whitford Stantec AXYS) as the operations manager for northern Canada and Business Development Manager for ARDICOM, an aboriginal partnership between Northern Aboriginal Services Company (NASCo), Arctic Cooperatives Limited (ACL) and Northwestel. He has also worked with various communities and key stakeholders, including First Nation businesses and regional organizations.

### **Corporate Cease Trade Orders**

To the knowledge of the Corporation, no proposed director is, as 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 Corporation) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an “Order”), which Order was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

### **Bankruptcies, or Penalties or Sanctions**

To the knowledge of the Corporation, no proposed director:

- (a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within 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 his assets;
- (c) 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
- (d) 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 foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

## **2. APPOINTMENT OF AUDITORS**

KPMG LLP, Chartered Accountants, of Halifax, Nova Scotia is the auditor of the Corporation. KPMG LLP, Chartered Accountants, were first appointed as auditor on February 22, 2007. The Corporation's audit committee (the "**Audit Committee**") has recommended that KPMG be re-appointed as the auditor of the Corporation.

Shareholders will be asked to vote for the reappointment of KPMG LLP, as auditor of the Corporation, to hold office until the next annual meeting of Shareholders of the Corporation or until its successor is duly elected or appointed, at a level of remuneration to be fixed by the Board.

Approval of the resolution requires the affirmative vote of a majority of the votes cast in respect thereof by the holders of the Common Shares represented at the Meeting. **The Management Proxyholders designated in the enclosed form of proxy, unless instructed otherwise, intend to vote FOR the appointment of KPMG LLP.**

### 3. APPROVAL OF STOCK OPTION PLAN

As the Corporation's rolling stock option plan (the "**Option Plan**") provides for a rolling maximum number of Common Shares which may be issuable upon the exercise of options granted under the Option Plan, TSX Venture Exchange Policy 4.4 requires that the Option Plan receive shareholder approval each year at the annual shareholders' meeting. Accordingly, Shareholders will be asked to consider and, if thought appropriate, pass a resolution approving the Option Plan. The Option Plan is described in detail in the section below under the heading "Executive Compensation – Stock Option Plan." A copy of the Option Plan is available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and is found in the Corporation's management information circular filed on May 7, 2008.

The Board has unanimously approved the Option Plan and recommends that Shareholders vote FOR the resolution regarding the Option Plan. An affirmative vote of a majority of the votes cast at the Meeting is sufficient to pass the resolution approving the resolution regarding the Option Plan.

The complete text of the resolution which management intends to place before the Meeting for approval, ratification, confirmation and adoption, with or without modification, is as follows:

**"WHEREAS** the policies of the TSX Venture Exchange require annual shareholder approval and ratification for the continuation of the Option Plan;

**BE IT RESOLVED THAT:**

1. the Option Plan, and all grants of options thereunder, are hereby authorized, approved and ratified; and
2. any one officer and director of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

**The Management Proxyholders designated in the enclosed form of proxy, unless instructed otherwise, intend to vote IN FAVOUR of the foregoing resolutions.**

## EXECUTIVE COMPENSATION

### 1. COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis sets out the Corporation's philosophy and objectives in determining executive compensation and explains how its policies and practices implement that philosophy. All dollar amounts in this Circular are expressed in Canadian dollars unless otherwise indicated.

#### Overview

The objective of the Corporation's executive compensation program is to ensure that executive compensation is fair and reasonable, rewards management performance and is sufficient to attract and retain experienced and talented executives. The Corporation's executive compensation program also recognizes the fundamental value added to the Corporation by having a motivated and committed management team whose short, medium and long-term objectives are aligned with those of Shareholders.

The Corporation has a Compensation Committee (the “**Compensation Committee**”) which currently consists of Dr. Jaroslav Dostal (Chair), Mr. Patrick Ryan and Mr. Geoff Clarke. Messrs. Ryan, and Dostal are not employees, officers or control persons of the Corporation and as a result, are independent of management. Mr. Geoff Clarke is deemed not independent because he is a partner at a law firm which has received compensation in respect of legal services provided to the Corporation. In determining executive and director compensation, the Compensation Committee bears in mind the nature of the Corporation, the small number of executive officers and the financial health of the Corporation. The Compensation Committee relies on board discussion and informal comparisons to similar and known exploration and development companies, while giving consideration to the experience, qualifications and performance of the candidate.

The Corporation’s executive compensation for the 2017 and 2018 fiscal years was comprised of three primary components: (i) base salary; (ii) a short-term incentive plan, which includes the potential for cash bonuses; and (iii) a long-term incentive plan, which consists of grants of stock options and deferred share units (“**DSUs**”).

The base salary of each executive is reviewed and evaluated by the Compensation Committee annually based on the philosophy, objectives, criteria and processes outlined above.

A short-term incentive award, if any, in the form of a cash bonus, may be awarded to an executive each year, as determined by the Compensation Committee, based on the philosophy, objectives, criteria and processes outlined above. In accordance with the short-term incentive plan, during early 2018, the Committee approved a conditional cash bonus payable to the President & CEO with respect to services provided during 2017. This bonus was in the amount of \$300,000 based on his contribution to the long term growth of the Corporation. As well, during early 2018, in accordance with the short term incentive plan, the Committee approved a conditional cash bonus payable to the CFO, in the amount of \$100,000 based on his contribution to the long term growth of the Corporation. In addition to the Corporation achieving a prescribed financial position, the after-tax net proceeds of the cash bonuses for both the President & CEO and CFO were used by the executives to repay in full the respective amounts owing by each executive to the Company. These amounts were repaid by the executives in 2019 prior to the payment by the Corporation of the accrued bonus amounts.

With respect to long-term incentives, each year the executive may be awarded stock options and/or DSUs. The amount of the long-term incentive shall be determined by the Compensation Committee or the Board based on the philosophy, objectives, criteria and processes outlined above and will take into account previous stock option and DSU grants to a particular individual. The Company didn’t grant any stock options to Named Executive Officers during 2018. During 2017, a total of 1,150,000 stock options were granted to Named Executive Officers. During 2018 and 2017 there weren’t any DSUs granted to Named Executive Officers.

## 2. **SUMMARY COMPENSATION TABLE**

Securities legislation requires the disclosure of compensation received by each “Named Executive Officer” of the Corporation for the three most recently completed financial years. “Named Executive Officer” (collectively, the “**NEOs**” or individually, an “**NEO**”) is defined by the legislation to mean (i) each of Chief Executive Officer and Chief Financial Officer of the Corporation (ii) each of the Corporation’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year and whose total compensation exceeds \$150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year end of the Corporation. For the financial year ended December 31, 2018, the Corporation has four NEOs, namely Messrs. McKenzie, Manuel, Schridder and MacGillivray.

The following table sets forth a summary of all compensation for the last three fiscal years for each of the NEOs:

Name and principal position	Year	Salary (\$) <sup>(5)</sup>	Share-based awards (\$) <sup>(7)</sup>	Option-based awards (\$) <sup>(6)</sup>	Non-equity incentive plan compensation (\$)		Pension Value (\$) <sup>(8)</sup>	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans <sup>(10)</sup>	Long-term incentive plans			
James McKenzie, President & CEO <sup>(1)</sup>	2018	450,000	-	-	-	-	-	-	450,000
	2017	450,000	-	71,800	300,000	-	-	-	821,800
	2016	429,167	27,000	74,333	300,000	-	-	-	830,500
Peter Manuel VP. & CFO <sup>(2)</sup>	2018	235,000	-	-	-	-	-	-	235,000
	2017	235,000	-	47,867	100,000	-	-	-	382,867
	2016	228,745	13,500	59,467	100,000	-	-	-	401,712
Ken Collison COO <sup>(3)</sup>	2018	-	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-	-
	2016	62,400	-	-	-	-	-	-	62,400
Michael Schrider COO <sup>(4)</sup>	2018	186,860	-	16,600	-	-	-	-	203,460
	2017	176,665	-	17,950	-	-	-	-	194,615
	2016	134,126	-	29,733	-	-	-	-	163,859
Randy MacGillivray <sup>(9)</sup>	2018	160,000	-	-	-	-	-	-	160,000
	2017	160,000	-	17,950	-	-	-	-	177,950
	2016	160,000	-	22,300	-	-	-	-	182,300

**Notes:**

- (1) James McKenzie was appointed Vice President of Business Development on November 1, 2006 and President and Chief Executive Officer effective January 3, 2007. Mr. McKenzie also serves as a director of the Corporation, but is not separately compensated for his role as a director.
- (2) Peter Manuel was appointed Chief Financial Officer on September 21, 2009.
- (3) Ken Collison was appointed Chief Operating Officer on January 4, 2012. As a result of Mr. Collison's passing, this position was vacant during 2017.
- (4) Michael Schrider was appointed Chief Operating Officer on February 6, 2018. Pursuant to an arrangement and understanding between the Corporation and Alaska Personnel, Inc., compensation for the services provided to the Corporation by Michael Schrider has been paid to Alaska Personnel, Inc., which in turn pays Mr. Schrider the same amount.
- (5) This column reflects the base salary earned in the 2016, 2017 and 2018 financial years.
- (6) This column reflects the calculated grant date fair value of options granted that will be recognized as compensation expense by the Corporation for financial reporting purposes. The fair value of options is estimated using the Black Scholes Options Pricing Model. Key assumptions incorporated into the valuations are as follows: life of the options estimated based on historic data, the expected volatility is based on historic volatility of the Corporation's share price, the exercise price is as per the option contract, and the share price is as at the date on which the options were granted.
- (7) This column reflects the total value of deferred share units (DSUs) granted during the year, including vested and unvested, calculated using the market price of the Common Shares on the date of grant.
- (8) The Corporation does not provide pension benefits to any of its employees.
- (9) Randy MacGillivray was appointed Environmental and Community Relations Director on March 19, 2012.
- (10) For Mr. McKenzie and Mr. Manuel, the 2017 annual incentive plan amounts had been accrued by the Corporation and were paid in late October of 2019. Mr. McKenzie and Mr. Manuel both agreed to use the after-tax net proceeds from these payments to repay to the Corporation any amounts that remain outstanding and unpaid in regard to the executive loans that were owing by them. These loan amounts have been repaid to the Corporation.

### 3. STOCK OPTION PLAN

#### Stock Option Plan

The Option Plan is a rolling stock option plan reserving a maximum of 10% of the issued Common Shares for issuance pursuant to the exercise of options granted under the Option Plan, less the 3,000,000 shares reserved for issuance

pursuant to the deferred share unit plan (the “**DSUP**”). Pursuant to the policies of the TSX Venture Exchange (the “**TSX-V**”), the Option Plan must be approved by Shareholders and accepted by the TSX-V on an annual basis. The Option Plan was last approved by the Shareholders of the Corporation on December 18, 2018.

The purpose of the Option Plan is to provide an incentive, in the form of a proprietary interest in the Corporation, to officers, directors, employees and consultants of the Corporation who are in a position to contribute materially to the successful operation of the business of the Corporation, to increase their interest in the Corporation’s welfare, and to provide a means through which the Corporation can attract and retain directors, officers, employees and consultants of outstanding abilities.

Eligible participants under the Option Plan include directors, officers, consultants, and employees of the Corporation or its subsidiaries. Options under the Option Plan are granted by the Board and are typically granted in such numbers as reflect the level of responsibility of the particular optionee and his or her contribution to the business and activities of the Corporation. The purpose of the Option Plan is to provide an incentive, in the form of a proprietary interest in the Corporation, to officers, directors, employees and consultants of the Corporation who are in a position to contribute materially to the successful operation of the business of the Corporation, to increase their interest in the Corporation’s welfare, and to provide a means through which the Corporation can attract and retain directors, officers, employees and consultants of outstanding abilities.

The Option Plan further provides that the exercise price at which Common Shares may be issued thereunder cannot be less than the current “discounted market price” at the date of grant as defined in the policies of the TSX-V, being the closing sale price per share for board lots of Common Shares on the TSX-V on the day immediately preceding the issuance less a maximum discount of between 5% and 25% depending on the applicable market price. Further, the Option Plan provides that the exercise price of any options granted to insiders cannot be reduced from the grant price without the approval of the disinterested Shareholders.

Options granted under the Option Plan typically have a five-year term and are typically made cumulatively exercisable by the optionee as to a proportionate part of the aggregate number of shares subject to the options over specified time periods in the discretion of the Board. In no event can the term of any option granted under the Option Plan exceed five years.

All options have been made subject to vesting in accordance with the following schedule:

- (i) 33.33% of the optioned shares will be exercisable as of and from the date which is 6 months after the date of grant;
- (ii) a further 33.33% of the optioned shares will be exercisable as of and from the date which is 12 months after the date of grant; and
- (iii) a further 33.34% of the optioned shares will be exercisable as of and from the date which is 18 months after the date of grant.

The Board currently expects that all future option grants will be made subject to this vesting schedule or such other vesting schedule as the Board may determine in its discretion. In addition, any options granted to consultants performing investor relations activities shall not vest and become exercisable as to more than 25% of the options in any three-month period, so that such options shall not be fully vested and exercisable before 12 months after the date of issue.

The Option Plan defines a change of control to be (i) a liquidation or dissolution of the Corporation; (ii) a re-organization, arrangement, amalgamation, merger or consolidation of the Corporation with one or more companies as a result of which the holders of the outstanding voting securities of the Corporation immediately prior to the

consummation of such transaction hold securities of the surviving company representing less than 50% of the outstanding voting power of the surviving company immediately after the consummation of the transaction; (iii) a sale or other disposition of all or substantially all of the assets of the Corporation; (iv) a sale or other disposition of more than 50% of the then outstanding voting securities of the Corporation to another person or entity; or (v) any other transaction determined by the Board to be a change of control. Upon the occurrence of a change of control, the Option Plan shall terminate, and any options then outstanding under the Option Plan shall terminate unless provision is made by the Board in writing in connection with such transaction for the continuance of the Option Plan and for the assumption of options then outstanding under the Option Plan, or the substitution of such options of new options covering the shares of the surviving or successor company or entity, or a parent or subsidiary thereof, with appropriate adjustments as to number and kind of shares and exercise prices, in which event the Option Plan and options then outstanding under the Option Plan shall continue in the manner and upon the terms so provided. If the Option Plan and unexercised options terminate upon a change of control, all outstanding options shall vest and become immediately exercisable in full immediately prior to consummation of the change of control.

Subject to compliance with applicable requirements of the TSX-V, optionees may elect to hold options granted to them in an incorporated entity, wholly-owned by them, and such entity shall be bound by the Option Plan in the same manner as if the options were held by the optionee. Options terminate within 90 days of the termination of an optionee's position with the Corporation as an employee, director or consultant without cause (subject to the earlier expiry of the options in the normal course) unless such termination is a result of death, in which case termination occurs upon the expiry of 12 months from the occurrence of the optionee's death (subject to the earlier expiry of the options in the normal course). All options terminate immediately upon a termination of employment for cause. Options granted to an optionee engaged in investor relations activities terminate within 30 days after the optionee ceases to be employed to provide investor relations activities.

The Corporation does not provide any financial assistance to optionees to facilitate the purchase of securities under the Option Plan.

Options issued pursuant to the Option Plan cannot be converted to stock appreciation rights.

Under the Option Plan, "insider" has the meaning ascribed to it pursuant to the *Securities Act* (Alberta) and the aggregate number of shares:

- (i) reserved for issuance to insiders under the Option Plan, together with any other share compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares;
- (ii) issued to insiders within any 12 month period, pursuant to the exercise of options granted under the Option Plan together with any other share compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares;
- (iii) reserved for issuance to any one person during a 12 month period under the Option Plan, together with any other share compensation arrangements of the Corporation, shall not exceed 5% of the issued and outstanding Common Shares;
- (iv) reserved for issuance to any one consultant during a 12 month period under the Option Plan, together with any other share compensation arrangements of the Corporation, shall not exceed 2% of the issued and outstanding Common Shares; and
- (v) reserved for issuance to all eligible persons providing Investor Relations Activities during a 12 month period under the Option Plan, together with any other share compensation arrangements

of the Corporation, shall not exceed 2% of the issued and outstanding Common Shares at the time of grant.

Under the Option Plan, the Board may, at any time, subject to the approval of any stock exchange or exchanges on which the Common Shares are then listed and any other regulatory body having jurisdiction, amend or revise the terms of the Option Plan, provided that no such amendment or revision shall alter or impair any of the rights or obligations under any outstanding option under the Plan without the consent of the option holders.

#### 4. **DEFERRED SHARE UNIT PLAN**

Directors may elect each year to receive all or part of their annual retainer in DSUs having a market value equal to the portion of the retainer to be received in that form, subject to such limits as the Board may impose. The Board may also grant, each year, DSUs to directors or senior officers having a market value not greater than the annual retainer or base salary for each such director or senior officer, respectively. The number of DSUs to be issued will be determined by dividing the amount of the retainer or base salary determined as the basis for the award by the closing price of the Common Shares (as reported by the TSX-V) for trading day immediately preceding the date the DSUs are awarded. Subject to vesting, each DSU may be redeemed for one Common Share upon the participant ceasing to hold any position with the Corporation (whether by termination, retirement, change of control or death). The maximum number of Common Shares that may be issued under the DSUP is 3,000,000, representing approximately 0.82% of the outstanding Common Shares as of November 14, 2019. The DSUP was approved by the Shareholders of the Corporation on August 26, 2015.

The number of securities issuable to insiders, at any time, under all security based compensation arrangements, cannot exceed 10% of the issued and outstanding Common Shares. The maximum number of Common Shares issued to insiders, within any one year period, under each security based compensation arrangement, cannot exceed 2% of the issued and outstanding Common Shares as of the relevant Award Date (as defined in the DSUP). The maximum number of DSUs issued to any individual, within any one year period, cannot exceed 1% of the issued and outstanding Common Shares as of the relevant award date, and the maximum number of DSUs issued to any individual, within any one year period, when aggregated with the number of Common Shares underlying all other awards made to such individual under all other security based compensation arrangements in such year period, cannot exceed 5% of the issued and outstanding Common Shares as of the relevant Award Date.

DSUs awarded to directors and senior officers will vest based on the following vesting schedule: 25% immediately on the Award Date, 25% on the one year anniversary of the Award Date, 25% on the two year anniversary of the Award Date and 25% on the three year anniversary of the Award Date. Early vesting is provided in the event of termination without cause, resignation at the request of the Corporation, death, or on the occurrence of a change of control (as defined in the DSUP) of the Corporation.

Subject to certain limitations and unless the DSUs have expired or been terminated in accordance with the DSUP, the DSUs shall be settled as per Section 5.5 of the DSUP. The participant (or, if deceased, his or her estate) shall receive as soon as practicable after the Settlement Date (as defined in the DSUP), but no later than the last business day of the calendar year following the calendar year in which the Separation Date (as defined in the DSUP) occurs, the number of Common Shares represented by the vested DSUs then recorded in the name of such participant, less any number of Common Shares representing the amount which may be required to be withheld or deducted under applicable taxation or other laws.

If a participant dies prior to the redemption of the DSUs credited to the account of such participant under the DSUP, there shall be issued to the estate of such participant on or about the thirtieth (30th) day after the Corporation is notified of the death of the participant a number of Common Shares equivalent to the amount which would have been issued to

the participant pursuant to the DSUP, calculated on the basis that the day on which the participant died is the Settlement Date and that all such DSUs vested on such date.

The number of Common Shares for which a DSU may be redeemed shall be adjusted proportionately in the event of (a) a subdivision, redivision or consolidation of the Common Shares into a greater or lesser number of Common Shares, (b) a reclassification or change of the Common Shares into a different class or type of securities, or (c) any other capital reorganization of the Corporation, or a consolidation, amalgamation or merger of the Corporation with or into any other entity or the sale of the properties and assets of the Corporation as or substantially as an entirety to any other entity.

Except as required by law, the rights of a participant under the DSUP are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the participant.

The Board may, in its sole discretion, at any time and from time to time:

- (a) amend or suspend the DSUP in whole or in part;
- (b) amend or discontinue any DSUs granted under the DSUP; and
- (c) terminate the DSUP, without prior notice to or approval by any participants or Shareholders of the Corporation.

Without limiting the generality of the foregoing, the Board may:

- (a) make amendments of a "housekeeping" nature, including any amendment for the purpose of curing any ambiguity, error or omission in the DSUP or to correct or supplement any provision of the DSUP that is inconsistent with any other provision hereof;
- (b) amend the definition of "Participant" or the eligibility requirements for participating in the DSUP, where such amendment would not have the potential of broadening or increasing insider participation;
- (c) amend the manner in which participants may elect to participate in the DSUP or elect the dates on which DSUs shall be redeemed;
- (d) amend the provisions of this DSUP relating to the redemption of DSUs and the dates for the redemption of the same;
- (e) make any amendment which is intended to ensure compliance with applicable laws and the requirements of the TSX-V;
- (f) make any amendment which is intended to provide additional protection to Shareholders of the Corporation (as determined at the discretion of the Board);
- (g) make any amendment which is intended to remove any conflicts or other inconsistencies which may exist between any terms of the DSUP and any provisions of any applicable laws and the requirements of the TSX-V;
- (h) make any amendment which is intended to cure or correct any typographical error, ambiguity, defective or inconsistent provision, clerical omission, mistake or manifest error;

- (i) make any amendment which is not expected to materially adversely affect the interests of the Shareholders of the Corporation; and
- (j) make any amendment which is intended to facilitate the administration of the DSUP. Any such amendment, suspension, or termination shall not adversely affect the DSUs previously granted to a participant at the time of such amendment, suspension or termination, without the consent of the affected participant.

No modification or amendment to the following provisions of the DSUP shall be effective unless and until the Corporation has obtained the approval of the Shareholders of the Corporation in accordance with the rules and policies of the TSX-V:

- (i) the number of Common Shares reserved for issuance under the DSUP (including a change from a fixed maximum number of Common Shares to a fixed maximum percentage of Common Shares);
- (ii) the definition of "Participant" or the eligibility requirements for participating in the DSUP, where such amendment would have the potential of broadening or increasing Insider participation; and
- (iii) the extension of any right of a Participant under the DSUP beyond the date on which such right would originally have expired.

No amendment, suspension or discontinuance of the DSUP or of any granted DSUs may contravene the requirements of the TSX-V or any securities commission or regulatory body to which the DSUP or the Corporation is now or may hereafter be subject.

If the Board terminates the DSUP, no new DSUs (other than DSUs that have been granted but vest subsequently pursuant the DSUP) will be credited to the account of a participant, but previously credited (and subsequently vesting) DSUs shall be redeemed in accordance with the terms and conditions of the DSUP existing at the time of termination. The DSUP will finally cease to operate for all purposes when the last remaining participant receives the redemption price for all DSUs recorded in the participant's account. Termination of the DSUP shall not affect the ability of the Board to exercise the powers granted to it hereunder with respect to DSUs granted under the DSUP prior to the date of such termination.

#### **Incentive Plan Awards – Named Executive Officers**

The following table sets forth the details in respect of outstanding stock options granted to each NEO as of December 31, 2018. The value of the unexercised in-the-money options as at December 31, 2018 has been determined based on the excess of the closing price per Common Share on the TSX-V on December 31, 2018, being \$0.115, over the exercise price of such options.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share based awards not paid out or distributed (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
James McKenzie, President & CEO	600,000	0.265	21-Aug-22	-	22,500	6,750	73,350
	500,000	0.30	4-Nov-21	-	-	-	-
	300,000	0.28	11-Sep-20	-	-	-	-
	400,000	0.27	2-Jun-19	-	-	-	-
Peter Manuel VP. & CFO	400,000	0.265	21-Aug-22	-	11,250	3,375	38,813
	400,000	0.30	4-Nov-21	-	-	-	-
	250,000	0.28	11-Sep-20	-	-	-	-
	300,000	0.27	2-Jun-19	-	-	-	-
Ken Collison COO	250,000	0.28	11-Sep-20	-	-	-	-
	300,000	0.27	2-Jun-19	-	-	-	-
Michael Schrider COO	200,000	0.19	12-Feb-23	-	-	-	-
	150,000	0.265	21-Aug-22	-	-	-	-
	200,000	0.30	4-Nov-21	-	-	-	-
Randy MacGillivray	150,000	0.265	21-Aug-22	-	-	-	-
	150,000	0.30	4-Nov-21	-	-	-	-
	100,000	0.28	11-Sep-20	-	-	-	-
	100,000	0.27	2-Jun-19	-	-	-	-

**Incentive Plan Awards – Value Vested or Earned during the Year**

The following tables set forth the value of the stock option awards and DSUs that vested for each Named Executive Officer in 2018 and 2017, as well as the non-equity incentive plan compensation earned during the financial years ended December 31, 2018 and 2017:

Name	Year Ended December 31, 2018		
	Option-based awards – Value vested during the year <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year <sup>(2)</sup>
James McKenzie	-	13,800	-
Peter Manuel	-	7,613	-
Michael Schrider	2,667	-	-
Randy MacGillivray	-	-	-

Name	Year Ended December 31, 2017		
	Option-based awards – Value vested during the year <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – value earned during the year <sup>(2)</sup>
James McKenzie	3,000	20,250	300,000
Peter Manuel	2,500	11,138	100,000
Michael Schrider	-	-	-
Randy MacGillivray	1,000	-	-

**Notes:**

- (1) Value vested is calculated as the dollar value that would have been realized had the option or DSU had been exercised on the date that it vested less the related exercise price multiplied by the number of securities vested.
- (2) Represents cash bonus awarded to the Named Executive Officers.

**Equity Compensation Plans - Securities Authorized for Issuance under**

The following table summarizes relevant information as of December 31, 2018 with respect to compensation plans under which equity securities are authorized for issuance:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding stock options and deferred share units	Weighted-average exercise price of outstanding stock options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders (1)	18,633,333 (Option Plan)	0.28	9,675,253
	557,100 (DSUP)	N/A	2,442,900
Equity compensation plans not approved by shareholders	nil	nil	nil
Total	19,190,433	0.28 (Option Plan)	12,118,153

- (1) The shares subject to the Option Plan from time to time is equal to 10% of the Corporation's issued and outstanding Common Shares, less the 3,000,000 shares reserved for issuance under the terms of the DSUP. There are 9,675,253 shares remaining for issuance under the stock option plan, and 2,442,900 remaining under the DSUP. As of December 31, 2018, the Corporation had 283,085,861 Common Shares issued and outstanding.

**Long-Term Incentive Plan and Pension Plans**

The Corporation does not have a long-term incentive plan or a pension plan for directors or executive officers, other than the Option Plan and the DSUP.

**Termination of Employment, Change in Responsibilities and Employment Contracts**

The Corporation entered into an employment contract with James McKenzie with effect from January 1, 2010, as amended in June 2011. Under the terms of this agreement, Mr. McKenzie can be terminated without cause and would be entitled to receive an immediate lump sum payment equivalent to 12 months of his base salary. If a change of control takes place, the contract will be terminated and Mr. McKenzie will be entitled to a payment to be determined as follows; a) if the market capitalization of the Corporation is less than \$10 million, a lump sum payment equal to 12 months of his base salary; b) if the market capitalization of the Corporation is between \$10 million and \$50 million, a lump sum payment equal to 27 months of his base salary; c) if the market capitalization of the Corporation is greater than \$50 million and the price at which the change in control takes place is at a premium of more than 20% over the moving average share price of the Corporation for the 30 trading days preceding the announcement of the change of control, a

lump sum payment equal to 36 months of his base salary; and d) if the market capitalization of the Corporation is greater than \$50 million and the aforementioned 20% premium criteria is not met, a lump sum payment equal to 27 months of his base salary. Had a change in control taken place on December 31, 2018, Mr. McKenzie would have been entitled to a lump sum payment in the amount of \$1,012,500 in accordance with the aforementioned criteria. Mr. McKenzie can be terminated with cause, in which case he would not be entitled to any payment on termination.

The Corporation entered into an employment contract with Peter Manuel with effect from September 21, 2009, as amended in June 2011. Under the terms of the agreement, Mr. Manuel can be terminated without cause and would be entitled to receive monthly compensation equal to his normal monthly installments of base salary for a period equal to 6 months plus 1 month for each completed full year of service with the Corporation. If a change of control takes place, Mr. Manuel will be entitled to terminate his employment and receive a payment of 1.5 times his base annual salary, or in the event of a change of control, should the Corporation terminate Mr. Manuel, he would be entitled to receive a payment of 2.25 times his base annual salary. Had a change in control taken place on December 31, 2018 and Mr. Manuel terminated his employment pursuant to this contract, he would have been entitled to a payment in the amount of \$352,500. Had a change in control taken place on December 31, 2018 and Mr. Manuel been terminated by the Corporation, he would have been entitled to a payment of \$528,750 in accordance with this contract. Mr. Manuel can be terminated with cause, in which case he would not be entitled to any payment on termination.

Neither Mr. Schrider nor Mr. MacGillvary have formal change of control, severance, termination or constructive dismissal clauses in their respective agreements relating to their providing executive services to the Corporation. Accordingly, no incremental payments would be triggered by a change of control of the Corporation. However, Mr. Schrider and Mr. MacGillvary will be entitled to any applicable statutory and common law entitlements and notice periods upon their termination and/or constructive dismissal, unless such termination or dismissal is for cause.

The Option Plan provides that all outstanding options will immediately vest upon a change of control. The value of these outstanding options is as outlined in the information above with respect to Incentive Plan Awards – Named Executive Officers.

#### 4. **DIRECTOR COMPENSATION**

Executive directors of the Corporation are not entitled to any additional compensation for acting as directors. Please see “Compensation Discussion and Analysis” and “Summary Compensation Table” above for a discussion of compensation received by Mr. McKenzie, the Corporation’s only executive director.

Non-executive directors of the Corporation are entitled to receive an annual fee of \$28,000 and standing committee chairs receive an additional annual fee of \$2,000. Effective November 22, 2016, Mr. Ryan was appointed Chairman with an annual fee of \$75,000. Directors are reimbursed for their out-of-pocket expenses incurred in attending directors' and committee meetings.

Directors are eligible to receive grants of stock options under the Option Plan and DSU awards under the DSUP.

The directors are indemnified by the Corporation against all costs, charges and expenses reasonably incurred by such director in respect of any action or proceeding to which such director is made a party by reason of being a director of the Corporation, subject to the limitations in respect thereof contained in the *Business Corporations Act* (Alberta).

The following tables summarize the compensation earned, awarded or granted to each of the non-executive directors of the Corporation for the years ended December 31, 2018 and 2017:

December 31, 2018							
Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$) <sup>(2)</sup>	All other compensation (\$) <sup>(3)</sup>	Total(\$)
Dr. Jaroslav Dostal	30,000	-	-	-	-	-	30,000
Patrick Ryan	75,000	-	-	-	-	-	75,000
Steven Meister	28,000	-	-	-	-	-	28,000
Geoff Clarke	30,000	-	-	-	-	94,229	124,229

December 31, 2017							
Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$) <sup>(2)</sup>	All other compensation (\$) <sup>(3)</sup>	Total(\$)
Dr. Jaroslav Dostal	30,000	-	35,900	-	-	-	65,900
Patrick Ryan	75,000	-	35,900	-	-	-	110,900
Steven Meister	28,000	-	35,900	-	-	-	63,900
Geoff Clarke	30,000	-	35,900	-	-	91,851	157,751

**Notes:**

- (1) This column reflects the calculated grant date fair value of options granted that will be recognized as compensation expense by the Corporation for financial reporting purposes. The fair value of options is estimated using the Black Scholes Options Pricing Model. Key assumptions incorporated into the valuations are as follows; life of the options estimated based on historic data, the expected volatility is based on historic volatility of the Corporation's share price, the exercise price is as per the option contract, and the price of the Common Shares is as at the date on which the options were granted.
- (2) The Corporation does not provide pension benefits to any of its directors.
- (3) Other compensation represents legal fees paid to Miller Thomson LLP, a law firm of which Mr. Clarke was a partner during the year. Mr. Clarke receives no direct compensation from the Corporation. All director fees earned by Mr. Clarke are paid to Miller Thomson LLP.

**Incentive Plan Awards – Directors**

The following table sets forth the details in respect of outstanding stock options granted to each of the non-employee directors as of December 31, 2018. The value of the unexercised in-the-money options as at December 31, 2018 has been determined based on the excess of the closing price of the Common Shares on the TSX-V on that date, being \$0.12, over the exercise price of such options.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Dr. Jaroslav Dostal	300,000	0.265	21-Aug-22	-	3,750	1,163	7,052
	300,000	0.30	4-Nov-21	-	-	-	-
	200,000	0.28	11-Sep-20	-	-	-	-
	300,000	0.27	2-Jun-19	-	-	-	-
Steven Meister	300,000	0.265	21-Aug-22	-	-	-	-
	300,000	0.30	04-Nov-21	-	-	-	-
Patrick Ryan	300,000	0.265	21-Aug-22	-	3,750	1,163	7,052
	300,000	0.30	4-Nov-21	-	-	-	-
	200,000	0.28	11-Sep-20	-	-	-	-
	300,000	0.27	2-Jun-19	-	-	-	-
Geoff Clarke	300,000	0.265	21-Aug-22	-	3,750	1,163	7,052
	300,000	0.30	4-Nov-21	-	-	-	-
	200,000	0.28	11-Sep-20	-	-	-	-
	300,000	0.27	2-Jun-19	-	-	-	-

### Incentive Plan Awards – Value Vested or Earned during the Year - Directors

The following tables set forth the value of the incentive stock option based awards that vested for each non-employee director in the year ended December 31, 2018 and 2017:

Year ended December 31, 2018			
Name	Option-based awards – Value vested during the year <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Dr. Jaroslav Dostal	-	746	-
Steven Meister	-	-	-
Patrick Ryan	-	746	-
Geoff Clarke	-	746	-

Year ended December 31, 2017			
Name	Option-based awards – Value vested during the year <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Dr. Jaroslav Dostal	2,000	2,072	-
Steven Meister	-	-	-
Patrick Ryan	2,000	2,072	-
Geoff Clarke	2,000	2,072	-

**Note:**

- (1) Value vested is calculated as the dollar value that would have been realized had the option been exercised on the date that it vested less the related exercise price multiplied by the number of vesting options.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Circular, no individual who is an executive officer, director, employee or former executive officer, director or employee of the Corporation is indebted to the Corporation pursuant to the purchase of securities or otherwise other than as noted below.

As at the date of this Circular, an executive officer is temporarily indebted to the Company for a total of \$20,942 as a result of an income tax remittance advance that is expected to be rectified in an upcoming pay period.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Set out below is a description of certain corporate governance practices of the Corporation, as required by National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

### *Board of Directors*

The Board has assessed the independence of each director using the standard for director independence set out in National Instrument 52-110 Audit Committees (“**NI 52-110**”). Under NI 52-110, a director is independent if he or she has no direct or indirect material relationship with the Corporation. Under NI 52-110, a material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. NI 52-110 also sets out certain situations where a director will automatically be considered to have a material relationship with the Corporation. Applying the definition set out in NI 52-110 the majority of the Board is deemed to be independent. Mr. Patrick Ryan, Mr. Steven Meister, and Mr. Jaroslav Dostal were determined by the Board to be independent. Mr. James McKenzie, President and Chief Executive Officer of the Corporation, is not independent by virtue of the fact that he is an executive officer of the Corporation. Mr. Geoff Clarke is deemed not independent because he is a partner at a law firm which has received compensation in respect of legal services provided to the Corporation.

The Board continues to seek to identify additional qualified candidates to join the Board who would bring valuable skills and experience to the Board and satisfy applicable independence requirements, with the goal of achieving a majority of independent directors on the Board in the future. The Corporation does not have a designated lead director. The Board relies on senior outside legal counsel to provide advice and consultation on current and anticipated matters of corporate governance.

### *Orientation and Continuing Education*

The Board does not provide a formal orientation or education program for Board members, as it believes that such programs are generally more appropriate for companies of significantly larger size and complexity than the Corporation and which may have significantly larger boards of directors. The Corporation’s Board members have considerable industry and public company experience and rely on this experience, their close contact with the Corporation’s executives, and their backgrounds in business to best determine how to maintain and enhance their skills.

### *Ethical Business Conduct*

The Corporation has adopted a Code of Business Conduct and Ethics (the “**Code**”) to which all directors, officers and employees of the Corporation must adhere. The Code is a comprehensive set of expectations, obligations and responsibilities relating to ethical conduct, corporate reporting, conflicts of interests and compliance with legal and regulatory obligations and with the Corporation’s policies, including its environmental, health and safety, non-discrimination and other policies. A copy of the Code may be examined and/or obtained by accessing the Corporation’s website at [www.ucore.com](http://www.ucore.com).

Under the Code, directors, officers and employees are required to promptly report any problems or concerns and any actual or potential violation of the Code to their supervisor. The Board monitors compliance with the Code by requiring management to advise it of any reports received regarding violations of the Code. The Corporation also requires, as at December 31st of each year, confirmation that all senior employees of the Corporation have acted in compliance with the Code throughout the relevant period and that to the best of their knowledge, all other employees and representatives of the Corporation have also acted in compliance with the Code.

The Corporation also has a Whistleblower Protection Policy which sets out the procedures for the receipt and treatment of complaints or concerns received by the Corporation regarding any impropriety or inaccuracy in respect of its financial statement disclosure or regarding its accounting procedures or practices, internal accounting controls, auditing matters or any violations of the Code. The policy includes provision for the submission or reporting by employees (including officers) of the Corporation or others, on a confidential and anonymous basis, of any such complaints or concerns to the Chairman of the Audit Committee. Complaints or concerns are investigated by the Audit Committee or by persons designated by the Audit Committee.

In respect of any transactions or agreements involving the Corporation and in respect of which a director of the Corporation has a material interest or a conflict or potential conflict of interest, that director, in order that the members of the Board exercise independent judgment in respect thereto, is required to disclose such to the Board prior to any such transaction or agreement being considered by the Board and is not permitted to vote on any Board resolution with respect thereto. Should any officer similarly have any such material interest or conflict or potential conflict of interest, such officer must similarly disclose such to the Board.

#### *Nomination of Directors*

The Board does not have a nominating committee. Periodically, the Board as a whole informally assesses the size and composition of the existing Board and the contribution of individual directors. Individual directors are invited to propose new nominees to the Board having regard to the Corporation's business strategy and the current composition of the Board.

#### *Board Committees*

The Board currently has two standing committees: (i) the Audit Committee and (ii) the Compensation Committee. All such committees report directly to the Board. From time-to-time, based on need, ad hoc committees of the Board may also be appointed. The Board currently has two ad hoc committees: (i) the Special Committee; and (ii) the Independent Committee. Both of the ad hoc committees were created on May 8, 2019.

#### *Assessments*

The Board does not have a formal assessment process; however it does informally consider its ongoing effectiveness through discussions of the operation of the Board committees, the adequacy of information provided to directors by management, the quality of communication between the Board and management and the historic growth and performance of the Corporation. The Board believes that this informal assessment has permitted the Board to operate effectively. For information on each committee member's relevant education and experience see Election of Directors section.

#### *Compensation of Directors and Chief Executive Officer*

The process undertaken by the Board in respect of compensation is more fully described in the "Executive Compensation" section of this Circular.

## AUDIT COMMITTEE INFORMATION

Set out below is a description of the Corporation's Audit Committee and audit related information, as required by NI 52-110.

The Audit Committee up to the date of this Circular is composed of three directors, being Messrs. Clarke (Chair), Meister, and Ryan. Messrs. Meister and Ryan are neither employees, officers nor control persons of the Corporation so the majority of the members of the Audit Committee are independent of management. As a venture issuer, the Corporation currently relies on the exemption from the audit committee composition requirements of NI 52-110 contained in Section 6.1 of that instrument because Mr. Clarke is deemed not to be independent under NI 52-110. All such members are "financially literate", as such term is used in NI 52-110 (i.e. having 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 relevant entity's financial statements).

The Audit Committee operates under a written charter, a copy of which is annexed as Appendix "A" to this Circular. The Audit Committee meets with the Corporation's Chief Financial Officer and financial management personnel and/or its independent auditors at least four times a year, and at least once every quarter, to review and assist, as part of its charter, the Board in its oversight responsibilities relating to, among other matters, the quality and integrity of the Corporation's financial statements and MD&A, the accounting and financial reporting principles and procedures of the Corporation and the adequacy of the Corporation's systems of internal accounting control. The Audit Committee meets with the Corporation's independent auditors at least once per year without the presence of management and as well communicates directly with such auditors as circumstances warrant. The Audit Committee reviews, among other things, the Corporation's financial reporting practices and procedures, the Corporation's annual and quarterly financial statements and MD&A prior to their issuance to shareholders and filing with regulatory agencies, actual and prospective changes in significant accounting policies and their effect, the planned scope of examinations by the Corporation's independent auditors and their findings and recommendations and the scope of audit and non-audit services provided by the independent auditors. It also recommends to the Board the independent auditors to be proposed to the shareholders for appointment at the Corporation's annual meeting and approves the remuneration of such auditors.

### *Relevant Education and Experience:*

- Geoff Clarke – Mr. Clarke is a Partner at Miller Thomson LLP, a Canadian business law firm. He has over 20 years of experience in investment banking, financial advisory services, corporate and securities law as well as teaching experience at the university level in the fields of business law and corporate finance. In addition to his bachelor and master of laws degrees, Mr. Clarke also has Bachelor of Commerce and Master of Business Administration degrees where he specialized in the finance and accounting streams of those programs.
- Steven Meister - Mr. Meister has over 25 years experience on various financial committees of NFP boards in addition to the direct involvement on financial matters for the various entities that he has served.
- Pat Ryan – Mr. Ryan is the Founder of Neocon International, a multi-million dollar automotive OEM design and lean manufacturing company. Mr. Ryan is familiar with accounting principles and understands the financial matters affecting an exploration company.

At no time since the commencement of the Corporation's most recently completed financial year have any recommendations by the Audit Committee respecting the nomination and/or compensation of the Corporation's external auditors not been adopted by the Board.

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on exemptions in relation to "De Minimis Non-Audit Services" or any exemption provided by Part 8 of NI 52-110.

The Corporation retained KPMG LLP as its independent auditors on February 22, 2007. The Corporation incurred the following fees from KPMG LLP in respect of the years ended December 31, 2018 and 2017.

	<b>2018</b>	<b>2017</b>
<i>Audit Fees</i>	\$45,675	\$44,000
<i>Audit-Related Fees</i>	-	-
<i>Tax Fees</i>	19,121	11,200
<i>All Other Fees</i>	n/a	n/a
<i>Total</i>	\$64,796	\$55,200

The Audit Committee regularly reviews the Corporation's use of its independent auditors for non-audit services. All non-audit services performed by the Corporation's independent auditors were approved in advance by the Audit Committee. If non-audit services provided are expected to cost less than \$5,000, the authority to approve has been delegated to the Audit Committee Chairman. The Audit Committee confirmed that the nature of the independent auditors' non-audit services used by the Corporation did not affect their independence.

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

Other than as set forth in this Circular, no director or senior officer of the Corporation at any time since the beginning of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Corporation's most recently completed financial year or in a proposed transaction which has materially affected or would materially affect the Corporation.

#### **ADDITIONAL INFORMATION**

Additional information regarding the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.ucore.com](http://www.ucore.com). Financial information regarding the Corporation is provided in the Corporation's annual audited financial statements and management's discussion and analysis for year ended December 31, 2018, together with the auditors' report thereon. The Corporation's financial statements and MD&A may be obtained from the Secretary of the Corporation upon request.

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

No person or company who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last completed financial year, no proposed nominee for election as a director of the Corporation and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors.

**APPROVAL OF BOARD OF DIRECTORS**

The content of this Circular and the sending of it to each director of the Corporation, to the auditor of the Corporation, to the Shareholders and to the appropriate governmental agencies, have been approved by the directors of the Corporation.

DATED at Halifax this 14<sup>th</sup> day of November, 2019.

[Signed James McKenzie]

James McKenzie, President, Chief Executive Officer and Director

[Signed Jaroslav Dostal]

Jaroslav Dostal, Director

**APPENDIX “A”**  
**UCORE RARE METALS INC.**  
**CHARTER OF THE AUDIT COMMITTEE**  
**OF THE BOARD OF DIRECTORS**

**I. Purpose**

The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. The committee will also be responsible for identifying principal risks of the business and ensuring appropriate risk management techniques are in place.

The Audit Committee charges management with developing and implementing procedures to:

- ensure internal controls are appropriately designed, implemented and monitored
- ensure reporting and disclosure of required information is complete, accurate, and timely.

The Audit Committee will make recommendations to the board of directors (the “**Board**”) of Ucore Rare Metals Inc. (the “**Company**”) regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the committee’s responsibilities as described in the mandate.

**II. Composition of Committee**

The committee will be composed of a minimum of three directors from the Board, with a majority of the members who are not employees, officers or control persons, as required by the rules of the TSX-V.

All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member to the committee is not financially literate as required, the person will be provided a three month period in which to achieve the desired level of literacy.

**III. Authority**

The Committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the Committee will set the compensation for such advisors.

The Committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the Audit Committee.

**IV. Responsibilities**

1. The Audit Committee will recommend to the Board:

- the external auditor to be nominated for purposes of preparing or issuing the auditor’s report or performing other audit, review or attest services for the Company
- the compensation of the external auditor

2. The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing the Auditor's Report or performing other review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting. The Audit Committee will also ensure that the external auditor is in good standing with the Canadian Public Accountability Board ("CPAB") and will enquire if there are any sanctions imposed by the CPAB on the external auditor. The Audit Committee will also ensure that the external auditor meets the rotation requirements for partners and staff on the Company's audit.
3. The Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor. The Audit Committee has delegated to the Chair of the committee the authority to pre-approve non-audit services up to an amount of \$5,000, with such pre-approved services presented to the Audit Committee at the next scheduled Audit Committee meeting following such pre-approval.

*De minimis* non-audit services satisfy the pre-approval requirement provided:

- the aggregate amount of all these non-audit services that were not pre-approved is reasonably expected to constitute no more than five percent of the total amount of fees paid by the Company and its subsidiaries to the external auditors during the fiscal year in which the services are provided;
  - the Company or subsidiaries, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
  - the services are promptly brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the Audit Committee or by the Chair of the Audit Committee, who has been granted authority to pre-approve non-audit engagements.
4. The Audit Committee will review and discuss with management and the external auditors the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditors' written communications to the Committee and to management.
  5. The Audit Committee reviews the Company's financial statements, MD&A as well as annual and interim earnings press releases and recommends such to the Board, prior to public disclosure of such information.
  6. The Audit Committee ensures that adequate procedures are in place for the review of financial information extracted or derived from the Company's financial statements, contained in the Company's other public disclosures and must periodically assesses the adequacy of those procedures.
  7. The Audit Committee establishes procedures for:
    - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
    - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
  8. The Audit Committee reviews and approves the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

9. The Audit Committee will, with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with National Instrument 52-109.
10. The Audit Committee will undertake a process to identify the principal risks of the business and ensure appropriate risk management techniques are in place. This will involve enquiry of management regarding how risks are managed.

## **V. Reporting**

The reporting obligations of the Committee will include:

- Report to the Board on the proceedings of each Audit Committee meeting and on the Audit Committee's recommendations at the next regularly scheduled Board meeting.
- Review the disclosure required in the Company's Annual Information Form or Management Information Circular as required by Form 52-110F2.

## **VI. Meetings**

The Committee will meet at least four times per year and at least once every fiscal quarter. Meetings may also be convened at the request of the external auditor.