

BLACK IRON INC.

**MANAGEMENT INFORMATION CIRCULAR
JUNE 15, 2020**

INFORMATION REGARDING CONDUCT OF MEETING

Solicitation of Proxies

This management information circular (“Circular”) is furnished in connection with the solicitation by the management of Black Iron Inc. (“Black Iron” or the “Company”) of proxies to be used at the annual meeting (the “Meeting”) of holders of common shares (“Shareholders”) of the Company to be held at 10:00 a.m. (Toronto time) on Monday, July 13, 2020 and at any postponement(s) or adjournment(s) thereof for the purposes set forth in the accompanying notice of meeting (“Notice of Meeting”). References in this Circular to the “Meeting” include references to any postponement(s) or adjournment(s) thereof. It is expected that the solicitation will be primarily by mail but proxies may also be solicited through other means by employees, consultants and agents of the Company. The Company will bear the costs of solicitation.

AS A RESULT OF THE GOVERNMENTAL PROHIBITION AGAINST GROUP GATHERINGS AND TO HELP REDUCE THE SPEAD OF COVID-19, ONLY REGISTERED SHAREHOLDERS AND/OR THEIR APPOINTEES MAY ATTEND THE MEETING IN PERSON. IN ADDITION, WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO NOT ATTEND THE MEETING IN PERSON AND TO VOTE THEIR SHARES BY COMPLETING AND RETURNING THE ENCLOSED FORM OF PROXY, AS DESCRIBED BELOW.

Shareholders and/or their appointees may participate in the Meeting by way of conference call however votes cannot be cast on the conference call. Please see the dial-in details below:

Toll-free dial-in number (U.S. and Canada): 8662616767
International dial-in number: 4168502050
Access (Participant) Code: 5770089

The board of directors of the Company (the “Board”) has by resolution fixed the close of business on Monday, May 25, 2020 as the record date for the meeting (the “Record Date”) being the date for the determination of the registered Shareholders entitled to notice of and to vote at the Meeting and any postponement(s) or adjournment(s) thereof. The Board has by resolution fixed 10:00 a.m. (Toronto time) on Thursday, July 9, 2020 or 48 hours (excluding Saturdays, Sundays and holidays) before any postponement(s) or adjournment(s) of the Meeting, as the time by which proxies to be used or acted upon at the Meeting or any postponement(s) or adjournment(s) thereof shall be deposited with the Company’s transfer agent.

The Company shall make a list of all persons who are registered Shareholders on the Record Date and the number of common shares of the Company (the “Common Shares”) registered in the name of each person on that date. Each Shareholder is entitled to one vote on each matter to be acted on at the Meeting for each Common Share registered in his or her name as it appears on the list.

Unless otherwise stated, the information contained in this Circular is as of the date hereof. This Circular contains references to United States dollars and Canadian dollars. All dollar amount references, unless otherwise indicated, are expressed in Canadian dollars and United States dollars are referred to as “United States dollars” or “US\$”.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are officers and/or directors of the Company. **A Shareholder desiring to appoint some other person or Company to represent him or her at the Meeting may do so** by inserting such person's name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the transfer agent of the Company indicated on the enclosed envelope not later than the times set out above.

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy given pursuant to this solicitation by depositing an instrument in writing (including another proxy bearing a later date) executed by the Shareholder or by an attorney authorized in writing at 65 Queen Street West, Suite 800, Toronto, Ontario M5H 2M5 at any time up to and including the last business day preceding the day of the Meeting.

Voting of Proxies

Common Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy **will be voted for each of the matters to be voted on by Shareholders as described in this Circular or withheld from voting or voted against if so indicated on the form of proxy and in accordance with the instructions of the Shareholder on any ballot that may be called for, and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. In the absence of such election, the proxy will confer discretionary authority to be voted in favour of each matter set out in the form of proxy for which no choice has been specified.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting or other matters which may properly come before the Meeting. At the time of printing this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgement of the named proxies.

Non-Registered Holders

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a holder who is not a registered Shareholder (a "**Non-Registered Holder**") are registered either: (i) in the name of an intermediary with whom the Non-Registered Holder deals in respect of the Common Shares such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans (an "**Intermediary**"); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited of which the Intermediary is a participant). In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company will distribute copies of the Notice of Meeting, form of proxy and this Circular to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are then required to forward the materials to the appropriate Non-Registered Holders.

These materials are being sent to both registered Shareholders and Non-Registered Holders. If you are a Non-Registered Holder, and the Company or its agent has sent these 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 these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Non-Registered Holders will be given, in substitution for the proxy otherwise contained in proxy-related materials, a request for voting instructions (the “**Voting Instructions Form**”) which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives the Voting Instructions Form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should so indicate in the place provided for that purpose in the Voting Instructions Form and a form of legal proxy will be sent to the Non-Registered Holder. In any event, Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the Voting Instructions Form.

Voting Securities and Principal Holder Thereof

The authorized capital of the Company consists of an unlimited number of Common Shares. As of the Record Date, the Company has 233,589,605 Common Shares issued and outstanding.

To the knowledge of the directors and officers of the Company, as at the Record Date, no person beneficially owns, directly or indirectly, or exercises control or direction over securities carrying more than 10% of the voting rights attached to the Common Shares other than RAB Capital who have publicly disclosed that they hold 27,600,000 Common Shares, which represents approximately 11.82% of the outstanding Common Shares as of the date hereof.

Interest of Persons in Matters to be Acted Upon

No director or executive officer of the Company, nor any person who had held such a position since the beginning of the last completed financial year end of the Company, no Nominee (as defined below) nor any respective associates or affiliates 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 this Meeting other than the election of directors.

EXECUTIVE COMPENSATION DISCLOSURE

Compensation Discussion and Analysis

Objectives

The overall objectives of the Company’s compensation program include: (a) attracting and retaining talented executive officers who can assist with the Company’s mineral exploration and mine development strategy; (b) aligning the interests of those executive officers with those of the Company; and (c) linking individual executive officer compensation to the performance of the Company. The Company’s compensation program is designed to compensate executive officers for the performance of their duties and to reward them for the performance of the Company.

Elements of Compensation

The elements of compensation that may be paid to the Named Executive Officers (as such term is defined in National Instrument 51-102F6 — *Statement of Executive Compensation*) on a go-forward basis are: (a) base salary and bonus; (b) option-based awards; (c) perquisites and personal benefits; and (d) termination and change of control benefits.

Base salary is a fixed element of compensation that will be payable to each Named Executive Officer for performing his or her position's specific duties. The amount of base salary for a Named Executive Officer is determined through negotiation of an agreement with each Named Executive Officer and is determined on an individual basis by the need to attract and retain talented individuals. While base salary is intended to fit into the Company's overall compensation objectives by serving to attract and retain talented executive officers, the size of the Company and the nature and stage of its business will also impact the level of base salary.

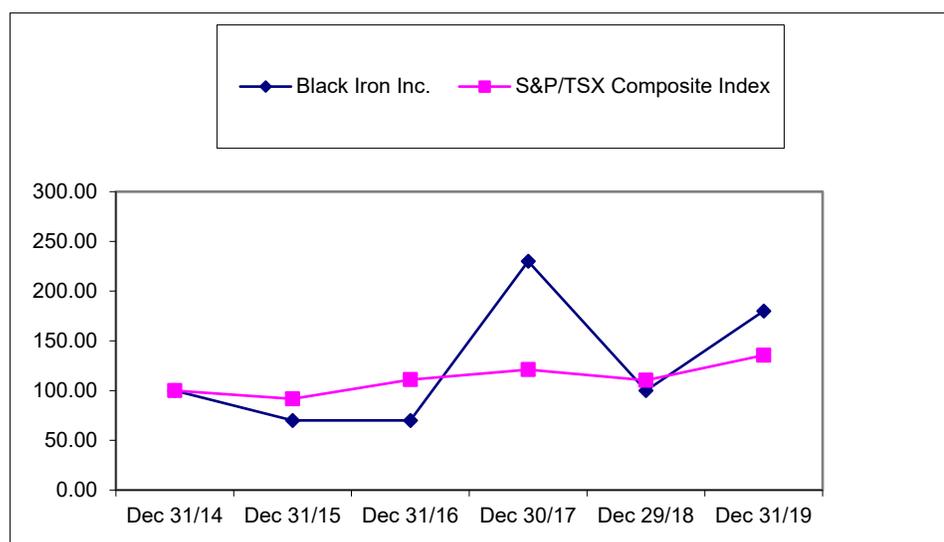
Bonuses are short-term performance based financial incentives that will be determined through a formal or informal compensation review process. As the Company grows and develops its projects, the Company may consider formalizing an annual incentive award program that will clearly articulate performance objectives and specific measurable goals that would be linked to individual performance criteria set out for the Named Executive Officers and other executive officers. In an effort to preserve cash and reduce the risk of needing to raise further capital at depressed share prices, the Company did not pay any year-end bonuses to any Named Executive Officers, directors or consultants for the period ended December 31, 2019.

Option-based awards are a variable element of compensation that will be used to reward each Named Executive Officer for individual performance and/or the performance of the Company. Option-based awards are intended to fit into the Company's overall compensation objectives by aligning the interests of the Named Executive Officers with those of the Company, and linking individual Named Executive Officer compensation to the performance of the Company. The Joint Committee (as defined herein) will be responsible for setting and amending any equity incentive plan under which an option-based award is granted. This will be done on a discretionary basis.

The Company may, depending on the circumstances, provide for termination and, in certain instances, change of control benefits under the provisions of the agreements that will be negotiated with the Named Executive Officers. See "Termination and Change of Control Benefits".

Performance Graph

The following graph compares the quarterly percentage change in the cumulative total Shareholder return for \$100 invested in Common Shares against the cumulative total shareholder return of the S&P/TSX Composite Index for the five most recently completed financial years of the Company, assuming the reinvestment of all dividends.



During this time period, executive compensation did not directly tie to Shareholder value as depicted by the performance graph above as a result of decisions made by the Board to consider the high quality contributions by each executive in achieving various milestones including; two resource updates; a preliminary economic assessment; a feasibility study and updated feasibility study; a negotiation of the strategic arrangement with Metinvest B.V. and subsequent negotiation and execution of a divestment of an interest in the Company by Metinvest B.V.; the lifting of the suspensions on exploration activities imposed by the Dnepropetrovsk Ecology Department on the Shymanivske project; a re-scoped preliminary economic assessment and advanced discussions and negotiations on financing for the Shymanivske project. In addition, executive compensation during this period is reflective of the dedication and loyalty of the executives to persevere despite challenging political dynamics and the compensation levels required to attract the calibre of people with the relevant expertise to build an iron ore mine in Ukraine.

Summary Compensation Table

The following table summarizes the compensation paid during the three financial years ended December 31, 2019, 2018 and 2017 in respect of the individuals who were carrying out the role of the Chief Executive Officer (“**CEO**”) of the Company, the Chief Financial Officer of the Company (“**CFO**”) and each of the three most highly compensated executive officers other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was individually more than \$150,000 for that financial year (the “**Named Executive Officers**”).

Name and position with the Company	Year	Salary (US\$)	Share-based Awards (US\$)	Option-based awards (US\$) ⁽²⁾	Non-equity incentive plan compensation (\$)		Pension value (US\$)	All other compensation (US\$)	Total compensation (US\$)
					Annual incentive plans	Long-term incentive plans			
Matthew Simpson (Chief Executive Officer)	2019	263,980	N/A	20,369	Nil	Nil	Nil	Nil	284,349
	2018	271,693	N/A	Nil	Nil	Nil	Nil	Nil	271,693
	2017	270,015	N/A	32,905	Nil	Nil	Nil	Nil	302,920
Paul Bozoki (Chief Financial Officer)	2019	75,191	N/A	8,147	Nil	Nil	Nil	Nil	83,338
	2018	77,626	N/A	Nil	Nil	Nil	Nil	Nil	77,626
	2017	77,147	N/A	16,410	Nil	Nil	Nil	Nil	93,557
Les Kwasik (Chief Operating Officer)	2019	60,000	N/A	Nil	Nil	Nil	Nil	Nil	60,000
	2018	60,000	N/A	Nil	Nil	Nil	Nil	Nil	60,000
	2017	60,000	N/A	21,865	Nil	Nil	Nil	Nil	81,865
Stan Bharti (Executive Officer)	2019	225,297 ⁽¹⁾	N/A	Nil	Nil	Nil	Nil	Nil	225,297
	2018	235,625 ⁽¹⁾	N/A	Nil	Nil	Nil	Nil	Nil	235,625
	2017	231,442 ⁽¹⁾	N/A	27,235	Nil	Nil	Nil	Nil	258,677

Notes:

- (1) Amount paid to Forbes & Manhattan (as defined below) pursuant to the agreement between Forbes & Manhattan and the Company. Mr. Stan Bharti is the Executive Chairman of Forbes & Manhattan. See “Forbes & Manhattan Agreement” below.
- (2) The dollar value of option awards estimated using the Black-Scholes-Merton valuation model on the date of grant under the following weighted average assumptions: expected dividend yield — 0%; expected volatility — 127%; risk-free interest rate — 1.82%; and expected life — 2.94 years.

Compensation Review Process

The Company has established the Joint Committee as a committee of the Board. The Joint Committee is responsible for, among other things, reviewing, approving and recommending to the Board, base salary, bonus, options and other benefits, of the Named Executive Officers and other executive officers of the Company in addition to reviewing the Company's director compensation practices. See "Corporate Governance Practices".

Incentive Plan Awards

Stock Option Plan

The Company's stock option plan (the "**Stock Option Plan**") was approved by the Company's directors on March 29, 2011, and became effective upon completion of the IPO (as defined herein). The Stock Option Plan was amended and restated on March 12, 2015, to among other things, provide that only executive directors, senior officers, consultants and employees of the Company will be eligible to participate in the Stock Option Plan. Non-executive independent directors are not be able to participate in the Stock Option Plan of the Company.

The Stock Option Plan is considered an "evergreen" plan since the Common Shares covered by the options which have been exercised shall be available for subsequent grants under the Stock Option Plan and the number of options available to grant increases as the number of issued and outstanding Common Shares increases. As a result, should the Company issue additional Common Shares in future, the number of Common Shares issuable under the Stock Option Plan will increase accordingly. The current Stock Option Plan allows for the grant of incentive stock options to the Company's employees, executive directors, seniors officers and consultants.

The Toronto Stock Exchange (the "**TSX**") requires that securities based compensation arrangements be approved by shareholders every three years from the date of implementation. The Stock Option Plan was last approved by Shareholders at the Shareholders meeting held on June 27, 2019. The following is a summary of the terms of the Stock Option Plan, which is qualified in its entirety by the provisions of the Stock Option Plan.

Pursuant to the Stock Option Plan non-executive independent directors, are not eligible to participate in the Stock Option Plan. The aggregate number of Common Shares issuable pursuant to the Stock Option Plan and any other share compensation arrangement to all participants shall not exceed 10% of the issued and outstanding Common Shares at the time of the grant. The aggregate number of Common Shares issuable under the Stock Option Plan and any other share compensation arrangement to insiders of the Company shall not at any time exceed 10% of the Common Shares then outstanding. The aggregate number of Common Shares issued upon exercise of the options granted under the Stock Option Plan and any other share compensation arrangement to insiders of the Company within a one-year period shall not exceed 10% of the Common Shares then outstanding.

Under the Stock Option Plan, vesting provisions may be as established by the Board; however, in practice options vest in eight equal installments, commencing on the date of grant and continuing each quarter thereafter. Options granted under the Stock Option Plan are non-assignable and will have an exercise price determined by the Board at the time the option is granted, but in any event shall not be less than the closing price of the Common Shares on the day immediately preceding the date of the grant of the option. The options will be exercisable for a period determined by the Board at the time of granting the options provided, however, all options must be exercisable during a period not extending beyond five years from the date of the option grant.

If an optionee ceases to be an employee, executive director, senior officer or consultant of the Company, other than as a result of termination with cause, any options held by such optionee at the effective date thereof shall be exercisable only to the extent that the optionee is entitled to exercise the options and only for 90 days thereafter or prior to the expiration of the option period in respect thereof, whichever is

sooner. In the case of an optionee being dismissed from employment or service for cause, the options shall immediately terminate and shall no longer be exercisable as of the date of such dismissal. In the event of death of an optionee, options are exercisable by the estate until the earlier of, twelve months following the date of death or the expiry date of the option.

In the event that the expiry of an option falls within, or within two days of, a trading blackout period imposed by the Company (the "**Blackout Period**"), the expiry date of such option period shall be automatically extended to the 10th business day following the end of the Blackout Period.

Subject to regulatory approval, amendments to the Stock Option Plan do not require shareholder approval, including, without limitation, for: (i) amendments of a housekeeping nature; (ii) the addition of or a change to vesting provisions of a security or the Stock Option Plan; (iii) a change to the termination provisions of a security or the Stock Option Plan which does not entail an extension beyond the original expiry date; and (iv) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Stock Option Plan reserve.

The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Stock Option Plan: (i) any amendment to the number of securities issuable under the Stock Option Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage; (ii) any change to the definition of "Participants" which would have the potential of narrowing or broadening or increasing insider participation; (iii) amendments to increase the maximum number of Common Shares which may be issued under the Stock Option Plan or amendments so as to increase the insider participation limits; (iv) amendments to increase the ability of the Board to amend the Stock Option Plan without shareholder approval; (v) amendments to the definition of "Eligible Person"; (vi) amendments relating to the transferability of options other than as permitted under the Stock Option Plan; (vii) amendments to the exercise price of any options issued under the Stock Option Plan where such amendment reduces the exercise price of such option (for this purpose, a cancellation or termination of an option or a Participant prior to its expiry for the purpose of re-issuing options to the same participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an option); (viii) amendments to the term of any option issued under the Stock Option Plan; (ix) the addition of any form of financial assistance; (x) any amendment to a financial assistance provision which is more favourable to Participants; (xi) any addition of a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction in the number of underlying securities from the Stock Option Plan; (xii) the addition of deferred or restricted share unit or any other provision which results in Participants receiving securities while no cash consideration is received by the Company; (xiii) any amendments to the amendment provisions of the Stock Option Plan; and (xiv) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to Participants, especially to insiders of the Company, at the expense of the Company and its existing shareholders.

As of the Record Date, the Company had 233,589,605 Common Shares issued and outstanding (186,292,909 issued and outstanding as of December 31, 2019) and accordingly, the maximum number of options that would be granted under the Stock Option Plan as at the Record Date is 23,358,960 options, being 10% of the current issued and outstanding Common Shares as at the Record Date (18,629,290 options as at December 31, 2019).

As at each of December 31, 2019 and the Record Date, a total of 9,907,500 stock options and 5,474,481 DSUs and 10,057,500 stock options and 5,677,606, respectively, were issued and outstanding which represents (i) approximately 8.3% of the issued and outstanding Common Shares of the Company as at December 31, 2019, leaving approximately 3,247,310 stock options (representing 1.7% of the issued and outstanding Common Shares on such date) available for future grants under the Stock Option Plan, and (ii) approximately 8.2% of the issued and outstanding Common Shares of the Company as at the Record Date, leaving approximately 3,486,266 stock options (representing 1.8% of the issued and outstanding Common Shares on such date) available for future grants under the Stock Option Plan, before

taking into account any additional DSU grants under the DSU Plan which would further reduce the unallocated entitlements.

The Company's annual Burn Rate as described in Section 613(d) of the TSX Company Manual under the Stock Option Plan was 2.1% in fiscal year 2017, 0.4% in fiscal year 2018 and 1.8% in fiscal year 2019. The Burn Rate is calculated by dividing the number of stock option's granted under the Stock Option Plan during the relevant fiscal year by the weighted number of common shares outstanding for the applicable fiscal year, as described in Section 613(p) of the TSX Company Manual.

The following table provides information regarding the incentive plan awards for each Named Executive Officer outstanding as of December 31, 2019.

Outstanding Share Awards and Option Awards	Option Awards				Share Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share awards that have not vested (\$) ⁽¹⁾
Name						
Matthew Simpson (Chief Executive Officer)	1,000,000 600,000 750,000	0.05 0.12 0.05	July 28, 2020 Feb 16, 2022 Jan 9, 2024	\$53,896	NIL	NIL
Paul Bozoki (Chief Financial Officer)	400,000 300,000 300,000	0.05 0.12 0.05	July 28, 2020 Feb 16, 2022 Jan 9, 2024	\$21,558	NIL	NIL
Les Kwasik (Chief Operating Officer)	500,000 400,000	0.05 0.12	July 28, 2020 Feb 16, 2022	\$15,399	NIL	NIL
Stan Bharti (Executive Officer) ⁽²⁾	400,000 500,000	0.05 0.12	July 28, 2020 Feb 16, 2022	\$12,319	NIL	NIL
TOTALS	5,150,000			\$103,172	NIL	NIL

Notes:

⁽¹⁾ Based on the closing market price of the Common Shares of \$0.09 on December 31, 2019.

⁽²⁾ Mr. Bharti is the Executive Chairman of Forbes & Manhattan.

Value on Pay-Out or Vesting of Incentive Plan Awards

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for the year ended December 31, 2019.

Name	Option awards – Value during the year on vesting (\$) ⁽¹⁾	Share awards – Value during the year on vesting (\$)	Non-equity incentive plan compensation – Pay-out during the year (\$)
Matthew Simpson (Chief Executive Officer)	33,750	Nil	N/A
Paul Bozoki (Chief Financial Officer)	13,500	Nil	N/A

Notes:

(1) Based on the closing market price of the Common Shares of \$0.09 on December 31, 2019.

Securities Authorized for Issuance Under Equity Compensation Plans

The table below sets out the outstanding stock options under the Stock Option Plan and the DSUs under the DSU Plan, being the Company's only compensation plans under which Common Shares are authorized for issuance, as of December 31, 2019.

		Number of securities to be issued upon exercise of outstanding options and DSUs	Weighted-average exercise price of outstanding options and DSUs	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category		(a)	(b)	(c)
Equity compensation plans approved by security holders	Stock Options	9,907,500	\$0.07	3,247,310 ⁽¹⁾
	DSUs	5,474,481	\$0.05	3,247,310 ⁽²⁾
Equity compensation plans not approved by security holders		NIL	NIL	NIL
TOTAL		15,381,981	\$0.06	3,247,310

Notes:

(1) The number of stock options remaining available for issuance if no further DSUs are issued.

(2) The number of DSUs remaining available for issuance if no further DSUs are issued.

Termination and Change of Control Benefits

The following describes the respective consulting agreements entered into by the Company and the Named Executive Officers in place as of the date hereof.

Matthew Simpson (Chief Executive Officer)

Iron Strike Inc. entered into an agreement with the Company on September 7, 2010, as amended on January 1, 2014, for the services of Mr. Simpson as the President and Chief Executive Officer of the Company. Pursuant to the agreement, Mr. Simpson receives a base fee of \$29,166.67 per month. Mr. Simpson's agreement provides for a severance payment of 12 months' base fees on termination by the Company without cause. The agreement may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any fees. Just cause is defined to include, but is not limited to: (i) dishonesty or fraud; (ii) theft; (iii) breach of fiduciary duties; (iv) being guilty of bribery or attempted bribery; or (v) gross mismanagement. Mr. Simpson may terminate the agreement on three months' written notice and shall forthwith resign any position then held with the Company and the Company shall have the right to elect to immediately terminate the agreement on payment of three months' base fees. Mr. Simpson resigned as the President of the Company on February 7, 2017 but remains in his position as the CEO of the Company.

In the event that there is a change in control of the Company, either Mr. Simpson or the Company shall have one year from the date of such change in control to elect to have Mr. Simpson's appointment terminated. In the event that such an election is made, the Company shall, within 30 days of such election,

make a lump sum termination payment to Mr. Simpson that is equivalent to 36 months' base fees plus an amount that is equivalent to all cash bonuses paid to Mr. Simpson in the 36 months' prior to the change in control. Therefore, assuming a change of control occurred as at the year ended December 31, 2019, Mr. Simpson would be entitled to \$1,050,000 upon a change of control. Following a change in control, all options granted to Mr. Simpson shall be dealt with in accordance with the terms of the Stock Option Plan; however all options granted to Mr. Simpson, but not yet vested, shall vest immediately.

Paul Bozoki (Chief Financial Officer)

Pannonia Capital Inc. entered into an agreement with the Company on October 12, 2010, as amended on January 1, 2014, for the services of Mr. Bozoki as Chief Financial Officer. Pursuant to the agreement, Mr. Bozoki receives a base fee of \$8,333.33 per month. Mr. Bozoki's agreement provides for a severance payment of 12 months' base fees on termination by the Company without cause. The agreement may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any fees. Just cause is defined to include, but is not limited to: (i) dishonesty or fraud; (ii) theft; (iii) breach of fiduciary duties; (iv) being guilty of bribery or attempted bribery; or (v) gross mismanagement.

In the event that there is a change in control of the Company, either Mr. Bozoki or the Company shall have one year from the date of such change in control to elect to have Mr. Bozoki's appointment terminated. In the event that such an election is made, the Company shall, within 30 days of such election, make a lump sum termination payment to Mr. Bozoki that is equivalent to 36 months' base fees plus an amount that is equivalent to all cash bonuses paid to Mr. Bozoki in the 36 months' prior to the change in control. Therefore, assuming a change of control occurred as at the year ended December 31, 2019, Mr. Bozoki would be entitled to \$300,000 upon a change of control. Following a change in control, all options granted to Mr. Bozoki shall be dealt with in accordance with the terms of the Stock Option Plan; however all options granted to Mr. Bozoki, but not yet vested, shall vest immediately.

Les Kwasik (Chief Operating Officer)

Mr. Kwasik entered into a consulting agreement with the Company on October 10, 2014, as amended on July 1, 2016, October 1, 2016 and February 1, 2020 pursuant which Mr. Kwasik agreed to provide his services to the Company in the capacity as Chief Operating Officer. Pursuant to the terms of the agreement, Mr. Kwasik is entitled to base fees in the amount of US\$7,500 per month. The agreement may be terminated at any time for just cause without notice or payment in lieu of notice. Other than with respect to a change of control, the Company may terminate the agreement without cause by making a lump sum payment to Mr. Kwasik in the amount of three months' base fees.

In the event that there is a change in control of the Company, either Mr. Kwasik or the Company shall have one year from the date of such change in control to elect to have Mr. Kwasik's appointment terminated. In the event such election is made, the Company shall within 30 days of such election, make a lump sum termination payment to Mr. Kwasik that is equivalent to US\$500,000 plus an amount equivalent to all cash bonuses paid to Mr. Kwasik in the 24 months' prior to the change in control. Assuming a change of control occurred as at the year ended December 31, 2019, Mr. Kwasik would be entitled to US\$500,000 on a change in control. Following a change in control, all stock options granted to Mr. Kwasik, but not yet vested, shall vest immediately.

For the purposes of the above noted agreements, "change in control" is defined as the acquisition by any person (person being defined as an individual, a corporation, a partnership, an unincorporated association or organization, a trust, a government or department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual and an associate or affiliate of any thereof as such terms are defined in the *Canada Business Corporations Act*) of: (1) shares or rights or options to acquire shares of the Company or securities which are convertible into shares of the Company or any combination thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders of the Company; (2) shares or rights or options to acquire shares, or their equivalent, of any material subsidiary of the Company or securities which are convertible into shares of the material subsidiary or any combination

thereof such that after the completion of such acquisition such person would be entitled to exercise 30% or more of the votes entitled to be cast a meeting of the shareholders of the material subsidiary; or (3) more than 50% of the material assets of the Company, including the acquisition of more than 50% of the material assets of any material subsidiary of the Company. However, all of the above noted individuals have agreed that “change of control” shall not include the completion of an investment by Metinvest B.V. for the initial 49% ownership of shares of the Company’s subsidiary Black Iron (Cyprus) Ltd.

Director Compensation

Following completion of the initial public offering of the Company on March 29, 2011 (the “IPO”), the Board determined that certain non-executive directors were to be paid a quarterly retainer of \$10,000 and the Chair of the Board was to be paid a quarterly retainer of \$25,000. In addition, each Board committee chair was to be paid an additional annual fee of \$10,000. In light of the ongoing political events in Ukraine and depressed iron ore projects, management of the Company took proactive steps to reduce certain expenses. During the year ended December 31, 2015, in an effort to preserve cash and reduce overall costs, the Company reduced the overall size of the Board from seven to five members and reduced non-executive independent director fees as follows: (i) quarterly retainer of \$5,000; (ii) Chair of the Board to receive a quarterly retainer of \$10,000; and (iii) in addition each Board committee chair (John Detmold and David Porter) to receive an additional annual fee of \$5,000 per annum. A portion of these fees are paid in cash with the balance paid in DSUs.

In 2015, the Company adopted the DSU Plan which was established to assist the Company in the recruitment and retention of qualified persons to serve on the Board and, through the proposed issuance by the Company of Common Shares under the DSU Plan, to promote better alignment of the interests of non-executive directors and the long-term interests of Shareholders.

The Board uses the DSUs issued under the DSU Plan as part of the Company’s overall director compensation plan. Since the value of DSUs increase or decrease with the price of the Common Shares, DSUs reflect a philosophy of aligning the interests of directors with those of the Shareholders by tying compensation to share price performance. See “Deferred Share Unit Plan”.

Directors may also be reimbursed for all reasonable travel and other expenses incurred by them in the performance of their duties. In addition, the Company may grant stock options from time to time to executive-directors to align a portion of director compensation with the performance of the Company.

The following table provides information regarding compensation paid to the Company’s non-executive directors for the financial year ended December 31, 2019

Name	Fees earned (US\$) ⁽¹⁾	Share awards (US\$)	Option awards (US\$) ⁽²⁾	Non-equity incentive plan compensation (US\$)	All other compensation (US\$) ⁽³⁾	Total (US\$)
Bruce Humphrey	18,830	Nil	N/A	Nil	Nil	18,830
John Detmold	15,301	Nil	N/A	Nil	Nil	15,301
Pierre Pettigrew	9,415	Nil	N/A	Nil	Nil	9,415
David Porter	11,769	Nil	N/A	Nil	Nil	11,769
TOTALS	55,315	Nil	N/A	Nil	Nil	55,315

Notes:

(1) Amounts shown in the following table were received in DSUs and cash, as follows:

- (2) The value ascribed to option grants represents non-cash consideration and has been estimated using the Black-Sholes Model as at the date of grant. See “Stock Option Plan”, above.
- (3) All other benefits did not exceed the lesser of \$50,000 and 10% of the total annual compensation for each director.

Outstanding Share Awards and Option Awards

The following table provides information regarding the incentive plan awards for each non-executive director as of December 31, 2019.

Name	Option Awards				Share Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽²⁾
Bruce Humphrey	NIL	NIL	NIL	NIL	NIL	NIL	183,250
John Detmold	NIL	NIL	NIL	NIL	NIL	NIL	81,359
Pierre Pettigrew	NIL	NIL	NIL	NIL	NIL	NIL	105,875
David Porter	NIL	NIL	NIL	NIL	NIL	NIL	122,219

Notes:

(1) Based on the closing market price of \$0.09 per Common Share on December 31, 2019.

(2) The value attributed to DSUs held by directors as of December 31, 2019 is based on the closing market price of \$0.09 per Common Share on December 31, 2019.

Value on Pay-Out or Vesting of Incentive Plan Awards

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for the financial year ended December 31, 2019.

Name	Option awards – Value during the year on vesting (\$)	Share awards – Value during the year on vesting (\$)	Non-equity incentive plan compensation – Pay-out during the year (\$)
Bruce Humphrey	NIL	\$62,125	NIL
John Detmold	NIL	\$34,227	NIL
Pierre Pettigrew	NIL	\$38,563	NIL
David Porter	NIL	\$41,453	NIL

Notes:

(1) Based on the closing market price of \$0.09 per Common Share on December 31, 2019.

Deferred Share Unit Plan

In 2015, the Company implemented a deferred share unit plan (the “**DSU Plan**”) for the benefit of the Company’s non-executive directors. The DSU Plan was established to assist the Company in the

recruitment and retention of qualified persons to serve on the Board and, through the proposed issuance by the Company of Common Shares under the DSU Plan, to promote better alignment of the interests of non-executive directors and the long-term interests of Shareholders.

The Board uses the deferred share units (“**DSUs**”) issued under the DSU Plan as part of the Company’s overall director compensation plan. Since the value of DSUs increase or decrease with the price of the Common Shares, DSUs reflect a philosophy of aligning the interests of directors with those of the Shareholders by tying compensation to share price performance.

The DSU Plan provides the Company with the ability to issue DSUs from treasury as a treasury-based plan and to reserve for issuance an aggregate of up to 5% of the number of issued and outstanding common shares of the Company, subject to an aggregate maximum number of common shares issuable from all share-based compensation plans of 10%. As of each of December 31, 2019 and the Record Date, there were 5,474,481 DSUs issued and outstanding representing approximately 2.94% of the current issued and outstanding Common Shares of the Company, leaving only 3,247,310 DSUs available for issuance as of such dates.

As at each of December 31, 2019 and the Record Date, a total of 9,907,500 stock options and 5,474,481 DSUs, respectively, were issued and outstanding which represents approximately 8.3% of the issued and outstanding Common Shares of the Company, leaving approximately 3,247,310 DSUs (representing 1.7% of the issued and outstanding Common Shares on such date) available for future grants under the DSU Plan given the limit of 5% of the number of issued and outstanding common shares of the Company, subject to an aggregate maximum number of common shares issuable from all share-based compensation plans., before taking into account any additional stock option grants under the Stock Option Plan which would further reduce the unallocated entitlements.

Summary of the DSU Plan

Set out below is a summary of the DSU Plan.

Administration of DSU Plan

The DSU Plan is administered by the Joint Committee and the Joint Committee has full discretionary authority to administer the DSU Plan including the authority to interpret and construe any provision of the DSU Plan and to adopt such rules and regulations for administering the DSU Plan as the Joint Committee may deem necessary in order to comply with the requirements of the DSU Plan, acting reasonably.

The DSU Plan provides that non-executive directors may elect to receive up to 75% of their annual compensation (the “**Annual Remuneration**”) in DSUs as follows: (a) 25% of the Annual Remuneration in DSUs; (b) 50% of the Annual Remuneration in DSUs; or (c) 75% of the Annual Remuneration in DSUs; subject to certain restrictions set out herein (the “**DSU Payment**”). Upon receipt of the requisite shareholder approvals and the approval of the TSX (which have been duly obtained by the Company), the Company shall have the power, at the Joint Committee’s discretion, to satisfy DSU payments payable under DSUs by the issuance of Common Shares from treasury on the basis of, subject to certain adjustment provisions of one Common Share for each DSU. A DSU is a unit credited toward an eligible non-executive director of the Company (a “**Participant**”) by way of a bookkeeping entry in the books of the Company, the value of which is equivalent to a Common Share. A Participant’s DSU account will be credited with the number of DSUs determined by dividing the dollar amount of compensation payable in DSUs on the payment date by the share price of the Common Shares at the time. Share price is defined in the DSU Plan and means the closing price of a Common Share on the TSX averaged over the five (5) consecutive trading days immediately preceding the date of grant or the redemption date, as the case may be. In the event that a dividend (other than stock dividend) is declared and paid by the Company in Common Shares, a Participant will be credited with additional DSUs. The number of such additional DSUs will be calculated by dividing the total amount of the dividends that would have been paid to the Participant if the DSUs in the Participant’s account on the dividend record date had been outstanding Common Shares (and the Participant held no

other Common Shares), by the closing price of a Common Share on the TSX on the date on which the dividends were paid on the Common Shares.

The Annual Remuneration payable in the form of DSUs to the Participants shall be recorded by the Company as soon as practicable after March 31 of each fiscal year. Notwithstanding any election by a Participant under the DSU Plan, the Joint Committee may, in its sole discretion, decline to award DSUs in respect of a director's Annual Remuneration and instead require the non-executive director to receive cash for Annual Remuneration in the ordinary course.

Each vested DSU held by a Participant who ceases to be an eligible director shall be redeemed by the Company on the relevant date the Participant ceases to be an eligible director, for any reason whatsoever, including death (the "**Separation Date**"), for a DSU Payment to be made to the Participant on such date as the Company determines not later than 60 days after the Separation Date and in any event no later than December 31 of the following calendar year, without any further action on the part of the holder of the DSU in accordance with the terms of DSU Plan.

The Participant holding such DSU shall not be entitled to the DSU Payment if the Participant ceases to be an eligible director, other than if the Participant ceases to be an eligible director in the event of, in connection with, or as a result of, a change of control, prior to the vesting condition(s) having been satisfied, and such DSU shall then be deemed cancelled. In the event of a change of control, each DSU shall automatically vest and be redeemable upon the occurrence of the Separation Date in accordance with the DSU Plan.

Maximum Number of Common Shares Issued

The maximum number of DSUs that may be issued pursuant to the DSU Plan cannot exceed 5% of the issued and outstanding Common Shares at the time of grant. In addition, the aggregate number of Common Shares reserved for issuance pursuant to the DSU Plan and any other securities-based compensation arrangement (pre-existing or otherwise) of the Company (as defined by applicable securities laws) shall not exceed 10% of the Common Shares outstanding from time to time.

The aggregate number of Common Shares issuable to eligible directors pursuant to the DSU Plan together with any shares issued pursuant to any other security based compensation arrangement, but excluding all DSUs and other securities that are Acceptable Equity Awards (as defined in the DSU Plan), shall not exceed 1% of the total number of outstanding Common Shares on a non-diluted basis, and the award value of all awards (together with the award value of all other rights granted under any other security based compensation arrangement), but excluding all DSUs and other securities that are Acceptable Equity Awards, to any one Eligible Director shall not exceed \$100,000 per year per Eligible Director.

As at December 31, 2019, a total of 9,907,500 stock options and 5,474,481 DSUs are issued and outstanding which represents approximately 8.3% of the issued and outstanding Common Shares, leaving approximately 3,247,310 DSUs (representing 1.7% of the issued and outstanding Common Shares on such date) available for future grants under the DSU Plan before taking into account any additional stock option grants the Stock Option Plan which would further reduce the unallocated entitlements.

As at the Record Date, a total of 10,057,500 stock options and 5,667,606 DSUs are issued and outstanding which represents approximately 8.3% of the issued and outstanding Common Shares, leaving approximately 3,486,266 DSUs (representing 1.8% of the issued and outstanding Common Shares on such date) available for future grants under the DSU Plan before taking into account any additional stock option grants the Stock Option Plan which would further reduce the unallocated entitlements.

The Company's annual Burn Rate as described in Section 613(d) of the TSX Company Manual under the DSU Plan was 0.3% in fiscal year 2017, 0.4%, in fiscal year 2018 and 1.1% in fiscal year 2019. The Burn Rate is calculated by dividing the number of DSUs granted under the DSU Plan during the relevant fiscal year by the weighted number of common shares outstanding for the applicable fiscal year, as described in Section 613(p) of the TSX Company Manual.

Insider Participation Limits

Pursuant to the provisions of the DSU Plan, insider participation is limited to the number of the Company's issued Common Shares: (i) issued to insiders of the Company within any one-year period, and (ii) issuable to insiders of the Company, at any time, pursuant to the DSU Plan or when combined with all of the Company's other security based compensation arrangements, which cannot exceed 10% of the Company's total issued and outstanding Common Shares, respectively.

Transferability

Except as otherwise may be expressly provided for under this DSU Plan or pursuant to a will or by the laws of descent and distribution, no DSU and no other right or interest of a Participant is assignable or transferable, and any such assignment or transfer in violation of this DSU Plan shall be null and void.

Amendments to the DSU Plan

The Joint Committee's discretion to amend, modify and change the provisions of the DSU Plan, acting reasonably, shall be limited to such amendments that are of a "housekeeping" nature, including the addition of or a change to vesting provisions of a security or the DSU Plan or a change to the election provisions which does not entail an increase to the maximum percentage of Annual Remuneration the non-executive directors are permitted to receive in DSUs and will not, without receipt of shareholder approval (whether or not required by law or regulation) and regulatory approval, make any amendment to the DSU Plan that:

- (i) Increases the number of securities issuable under the DSU Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage;
- (ii) Changes the definition of "Participants" which would have the potential of narrowing or broadening or increasing insider participation;
- (iii) Any amendment to shorten the vesting conditions;
- (iv) Any amendment that would permit the DSUs to be transferable (other than as provided herein);
- (v) any other amendments to the DSU Plan amendment provisions;

and shall only be effective upon such amendment, modification or change being approved by the Board, Shareholders of the Company and the stock exchanges and any other regulatory authorities having jurisdiction over the Company, and provided any such amendment shall be effective only if the DSU Plan will continue to meet the requirements of paragraph 6801(d) of the regulations to the *Income Tax Act* (Canada) or any successor provision.

Other Arrangements

Forbes & Manhattan Agreement

Pursuant to an agreement dated January 1, 2014 between Black Iron and Forbes & Manhattan, Inc. ("**Forbes & Manhattan**"), a company of which Mr. Stan Bharti is Executive Chairman (a former director and current executive officer of Black Iron), Forbes & Manhattan will continue to deliver management, business and operational consulting services to the Company. Forbes & Manhattan will be paid a fee of \$25,000 per month (the "**Forbes Fee**"), plus applicable HST. The agreement may be terminated at any time for just cause without notice or payment in lieu of notice and without payment of any fees whatsoever either by way of anticipated earnings or damages of any kind by advising Forbes & Manhattan in writing. Just cause is defined to include, but is not limited to the following: (a) dishonesty or fraud; (b) theft; (c) breach of fiduciary duties; (d) being guilty of bribery or attempted bribery; or (e) gross mismanagement. In the event that the Company wishes to terminate the agreement, the Company shall pay Forbes & Manhattan (in a lump sum payment) the equivalent of 12 months times the Forbes Fee. In the event that there is a change in control of the Company, either Forbes & Manhattan or the Company shall have one year from the date of such change in control to elect to have Forbes & Manhattan's appointment terminated. In the event such election is made, the Company shall within 30 days of such election, make a lump sum termination payment to Forbes & Manhattan in an amount that is equivalent to 36 month's base fees plus an amount equivalent to all cash bonuses paid to Forbes & Manhattan in the 36 months' prior to the change in control. Assuming a change of control occurred as at the year ended December 31, 2017, Forbes & Manhattan would be entitled to \$900,000 on a change in control. The definition of "change of control" is set out above under the heading "Termination and Change of Control Benefits".

The Forbes Fee is intended to reflect the value of the benefits and services that are provided to Black Iron by Forbes & Manhattan in gaining access to a number of individuals by virtue of their relationship with Forbes & Manhattan. Various administrative, strategic and technical services are provided and will be provided to the Company through a team of geologists, mining engineers and financial professionals related to Forbes & Manhattan on an as needed basis. In certain instances, additional fees will be paid to such individuals by the Company directly and not in connection with this agreement for their services; however, such fees are typically substantially lower than if the Company had to seek out and engage such persons on its own on a full time basis. Without the support provided by Forbes & Manhattan, the Company would not otherwise have ready access to the breadth of skilled professionals available through Forbes & Manhattan on an as needed basis. In addition, Forbes & Manhattan, through its and Mr. Stan Bharti's contacts and reputation will assist the Company in fostering relationships with strategic investors and investment banks.

CORPORATE GOVERNANCE PRACTICES

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its stakeholders, particularly Shareholders. The Company's approach to issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. The directors are kept informed regarding the Company's operations at regular meetings and through reports and discussions with management on matters within their particular areas of expertise. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks that the Company faces.

The Company believes that its corporate governance practices are in compliance with applicable Canadian requirements including National Policy 58-201 – *Corporate Governance Guidelines*. The Company has considered the applicable requirements and believes that its approach is appropriate and works effectively for the Company and its Shareholders. The Company continues to monitor developments in Canada with a view to further revising its governance policies and practices, as appropriate.

The following is a description of the Company's corporate governance practices, which has been prepared by the Joint Committee of the Board and has been approved by the Board.

Board of Directors

The Board currently consists of five members, a majority of whom are independent. Mr. Matthew Simpson is not independent as he is Chief Executive of the Company. Messrs. John Detmold, Bruce Humphrey, Pierre Pettigrew and David Porter are independent for the purposes of NI 58-101 – *Disclosure of Corporate Governance Practices*.

Other Directorships

The following directors of the Company currently hold directorships in the following reporting issuers (or equivalent in a foreign jurisdiction) as noted below:

Director	Other Reporting Issuers	Stock Exchange
Matt Simpson	None	
John Detmold	Gen III Oil Corporation	TSX-V
Bruce Humphrey	Euro Sun Mining Inc.	TSX
Pierre Pettigrew	African Gold Group Inc. Belgravia Capital Investments Inc. Troilus Gold Corp.	TSX-V TSX-V TSX
David Porter	None	N/A

Note:

(1) This company also has a relationship with Mr. Stan Bharti either through a consulting agreement with Forbes & Manhattan and/or directly with Mr. Stan Bharti, being a director or officer of such company.

During the year ended December 31, 2019, the Board held four Board meetings. The attendance of each of the directors, based on the number of meeting each was eligible to attend is as follows: Mr. Humphrey (4/4), Mr. Detmold (4/4), Mr. Pettigrew (4/4), Mr. Porter (4/4) and Mr. Simpson (4/4). The remainder of Board activities were conducted by way of written consent resolutions.

Board Mandate

The Board has adopted a written mandate in which it assumes responsibility for the stewardship and development of the Company. The mandate provides that: (i) the Board's primary responsibility is to develop and adopt the strategic direction of the Company and to, at least annually, review and approve a strategic plan as developed and proposed by management, which takes into account the business opportunities and risks of the Company; and (ii) the Board is responsible for reviewing and approving the Company's financial objectives, plans and actions, including significant capital allocations and expenditures.

The mandate charges the Board with responsibility for, among other things: (i) monitoring corporate performance; (ii) identifying principal business risks and ensuring that appropriate systems are put in place to manage such risks; (iii) monitoring and ensuring internal control and procedures; (iv) ensuring appropriate standards of corporate conduct; (v) reviewing and approving financial statements and management's discussion and analysis; (vi) reviewing compensation of the members of the Board and senior management; (vii) reviewing and approving material transactions and annual budgets;

(viii) developing the Company's approach to corporate governance; (ix) identifying and recommending new nominees; and (x) assessing its own effectiveness in fulfilling its mandate. The Board's mandate also sets forth procedures relating to the Board's operations such as the size of Board and selection process, director qualifications, director orientation and continuing education, meetings and committees, evaluations, compensation and access to independent advisors.

The Independence of the Board

To facilitate the functioning of the Board independently of management, the following structures and processes are in place:

- there are no members of management on the Board other than the President and CEO;
- members of management, including without limitation the CEO, are not present for the discussion and determination of certain matters at meetings of the Board unless required;
- each of the Audit Committee and Joint Committee are comprised solely of independent directors;
- under the by-laws of the Company, any two directors may call a meeting of the Board;
- the CEO's compensation is considered by the Board, in his absence, by the Joint Committee at least once a year;
- in addition to the standing committees of the Board, independent committees will be appointed from time to time, when appropriate; and
- the Board's practice is to hold in-camera meetings with the independent directors at the end of each Board or committee meeting to the extent required.

The independent directors hold in camera sessions during regularly scheduled board meetings at which non-independent directors and members of management are not in attendance. To facilitate open and candid discussion among its independent directors, the independent directors are encouraged to ask questions and to request non-independent directors and members of management to excuse themselves during discussions on related matters. Any items of discussion that could involve a potential conflict of interest among one or more directors will be voted on by those directors who do not have a conflict in connection with the relevant matter.

Position Descriptions

Chair of the Board

The Chair of the Board is Mr. Bruce Humphrey and he is considered to be an independent director. The Board has developed and adopted a written position description for the Chair of the Board, indicating that the Chair is responsible for, among other things, chairing all meetings of the Board in a manner that promotes meaningful discussion, providing leadership to enhance the Board's effectiveness, acting as a liaison between the Board and management and at the request of the Board, representing the Company to external groups, including shareholders, community groups and government. He ensures that resources are available to the Board, as necessary, that functions are delegated to the appropriate committees of the Board and responsibilities are understood. The Chair works with the Joint Committee to ensure a process is in place to assess the performance, effectiveness and contribution of the Board as a whole on an annual basis.

Chair of the Audit Committee

The Chair of the Audit Committee is Mr. John Detmold. The Board has adopted a written position description for the Chair of the Audit Committee, indicating that the Chair of the Audit Committee is

responsible for, among other things, chairing all meetings of the Audit Committee, ensuring the Audit Committee monitors the Company's financial reporting process and internal control systems independently and objectively, ensuring procedures are in place to review the Company's public financial statements disclosure, and overseeing the Audit Committee's participation in the accounting and financial reporting process and audits of the financial statements.

Chair of the Joint Corporate Governance and Compensation Committee

The Board has appointed David Porter as Chair of the Joint Corporate Governance and Compensation Committee (the "**Joint Committee**") and developed and adopted a written position description for the Chair of this Joint Committee which indicates that the Chair of the Joint Committee is responsible for, among other things, assessing reviewing the Board's compensation on at least an annual basis and reviewing and recommending to the Board the level of compensation packages for the executive officers and members of senior management, assessing the effectiveness of the Board and the Company's governance, including periodically reviewing with the Board, on a periodic basis, the requisite skills and characteristics of prospective Board members as well as the composition of the Board as a whole.

Chief Executive Officer

The Board has developed and adopted a role statement for the Chief Executive Officer whose primary role is to take overall supervisory and managerial responsibility for the day-to-day operations of the Company's business and manage the Company in order to achieve the goals and objectives determined by the Board in the context of the Company's strategic plan. The Chief Executive Officer's role statement sets forth responsibilities including, but not limited to: (i) maintaining, developing and implementing the Company's strategic plans; (ii) developing new strategic alliances to enhance shareholder value; (iii) providing high quality leadership, support, coordination and guidance to staff and various responsible officers and managers; (iv) ensuring communications between the Company and major shareholders; (v) providing timely strategic, operational and reporting information to the Board; (vi) coordinating the preparation of an annual business plan; and (vii) taking responsibility for the administration of all of the Company's sub-areas and administrative practices.

Orientation and Continuing Education

Generally, the Joint Committee is responsible for ensuring that new directors are provided with an orientation and education program, which will include written information about the duties and obligations of directors, the business and operations of the Company, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other directors. Directors are expected to attend all meetings of the Board and are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. The Board notes that it has benefited from the experience and knowledge of individual members of the Board in respect of the evolving governance regime and principles. Moreover, the Board acknowledges that the Company has benefitted from the directors' combined extensive experience in the industries of mining and finance as well as the regulatory environment in Ukraine. The Board ensures that all directors are apprised of changes in the Company's operations and business.

Ethical Business Conduct

In fulfilling its mandate and approving various decisions put forth by management, the Board ensures that the measures taken by management comply with Canadian securities regulations and other applicable legislation. Members of the Board are also aware of their fiduciary role with the Company as well as their individual fiduciary duties in their capacity as directors, all of which are set out in various provincial corporate legislation. In exercising their powers and discharging their duties, the Board is required to act

honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board has adopted a written code of ethics entitled the “Code of Business Conduct and Ethics” (the “**Ethics Code**”), which applies to all employees, officers and directors of the Company. The purpose of the Ethics Code is to, among other things, promote honest and ethical conduct, promote legal compliance, promote the avoidance of conflicts of interest, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability for the Company.

The Board is responsible for compliance issues relating to the Ethics Code, which contains the procedures by which an individual can report actual or potential violations of the Ethics Code to the Chair of the Audit Committee. The Ethics Code provides that any violations of the Ethics Code by any employee, officer or director may be grounds for disciplinary action including termination of employment, office and directorship.

Pursuant to the Ethics Code, directors or officers of the Company are required to disclose to the Chair of the Audit Committee in writing, any conflicts of interest, or request to have entered into the minutes of meetings of the Board the nature and extent of such interest. The fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restricts an individual director’s participation in decisions of the Board in which the director has an interest also ensure that the Board operates independently of management and in the best interests of the Company.

The Board has adopted a written “Whistleblower Policy” which establishes procedures for: (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or violations of the Ethics Code; and (ii) the submission by employees of the Company, on a confidential and anonymous basis, of concerns regarding questionable accounting, auditing matters or violations of the Ethics Code.

The Board has adopted a “Corporate Disclosure and Insider Trading Policy” to ensure that: (i) the Company complies with timely disclosure obligations under securities laws; (ii) the Company prevents the selective disclosure of material changes; (iii) documents released by the Company or public oral information that relate to the business and affairs of the Company do not contain a misrepresentation; (iv) persons to whom the policy applies understand their obligations to preserve the confidentiality of “undisclosed material information” (as defined in the policy); and (v) all appropriate parties who have “undisclosed material information” are prohibited from trading in securities of the Company on such information and “tipping” under applicable laws, TSX rules and the policy.

Nomination of Directors

The Board as a whole is responsible for the nomination of directors. The Board’s responsibilities include identifying and recommending new candidates for nomination to the Board based upon: (i) the competencies and skills necessary for the Board as a whole to possess; (ii) the competencies and skills necessary for each individual director to possess; (iii) the competencies and skills which each new nominee to the Board is expected to bring; and (iv) whether the proposed nominee to the Board will be able to devote sufficient time and resources to the Company. To encourage an objective nomination process, the Board promotes open and candid discussion among its independent directors.

The size of the Board will be reviewed on a regular basis. The Board will take into account the number of directors required to carry out the Board’s duties effectively, and to maintain a diversity of views and experience.

Majority Voting Policy

The Company has adopted a majority voting policy (the “**Majority Voting Policy**”) to provide a meaningful way for the Shareholders to hold individual directors accountable and to require the Company to closely examine directors that do not have the support of a majority of Shareholders, on an annual basis. The policy provides that at each annual meeting of shareholders, forms of proxy for the election of directors will permit a Shareholder to vote in favour of, or to withhold from voting, separately for each director nominee and that where a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be considered not to have received the support of the Shareholders, even though duly elected as a matter of corporate law. Pursuant to the policy, such a nominee will forthwith submit his or her resignation to the Board, such resignation to be effective on acceptance by the Board. The Board will establish an advisory committee (the “**Advisory Committee**”) to which it shall refer the resignation for consideration. In such circumstances, the Advisory Committee will make a recommendation to the Board as to the director’s suitability to continue to serve as a director after reviewing, among other things, the results of the voting for the nominee, and the Board will consider such recommendation. This policy does not apply where an election involves a proxy battle (i.e., where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the Board).

Committees of the Board

As of the date hereof, the Board had the following two standing committees:

- Audit Committee - comprised of John Detmold (Chair), Pierre Pettigrew and David Porter; and
- Joint Committee – comprised of David Porter (Chair), Pierre Pettigrew and Bruce Humphrey.

Each of these committees are comprised of directors who are independent of management and each of the committees noted above report directly to the Board. From time to time, when appropriate, *ad hoc* committees of the Board may be appointed by the Board.

Audit Committee

Audit Committee Charter

The Audit Committee has adopted a written charter setting out its mandate and responsibilities. The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting processes and internal controls. The Audit Committee’s primary duties and responsibilities are to: (i) conduct reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the committee; (ii) assess the integrity of internal controls and financial reporting procedures of the Company and ensure implementation of such controls and procedures; (iii) ensure appropriate standards of corporate conduct for senior financial personnel and employees and, if necessary, adopt a corporate code of ethics; (iv) review the quarterly and annual financial statements and management’s discussion and analysis of the Company’s consolidated financial position and operating results and report thereon to the Board for approval; (v) select and monitor the independence and performance of the Company’s external auditors and approve their remuneration; (vi) provide oversight to related party transactions entered into by the Company; and (vii) provide oversight of all disclosure relating to financial statements, management’s discussion and analysis and information derived therefrom. The Audit Committee is responsible for inquiring of management and the external auditors about significant risks or exposures, both internal and external to which the Company may be subject and assessing the steps management has taken to minimize such risks. The Audit Committee is also responsible for establishing and implementing procedures in respect of complaints and submissions relating to accounting matters and the approval of non-audit services by the external auditors. A copy of the Charter of the Audit Committee is attached to this Circular as Appendix “A”.

Composition of the Audit Committee

The Audit Committee has been constituted to oversee the financial reporting processes of the Company and is comprised of three independent directors; namely Messrs. John Detmold, (Chair of the Audit Committee), David Porter and Pierre Pettigrew. Each member of the Audit Committee is financially literate and possesses extensive financial knowledge, experience and comprehension of financial statements.

Additional information regarding the Audit Committee is contained in the Company's annual information form for the year ended December 31, 2019 (the "AIF") under the heading "Audit Committee Disclosure". The AIF is available under the Company's profile on SEDAR at www.sedar.com.

Relevant Education and Experience

The summaries of experience and education for each of the members of the Audit Committee follows:

John Detmold. Mr. Detmold has over 30 years' experience in corporate finance experience and as the CEO of several financial service and industrial companies. Currently, Mr. Detmold is also the Chairman of Investure Group, S.A. de C.V., the Chairman of Comunicación Xersa, S.A. de C.V. and is an active member of the Young Presidents Organization. He graduated from McGill University with a Bachelor's degree with honours in Economics.

David Porter. Mr. Porter holds an MBA and is a seasoned executive who served as Vice President Human Resources and Organizational Effectiveness for the Iron Ore Company of Canada from 1992 to 2008. Since January, 2009, Mr. Porter has been a Principal at Atlee Services. He has also been responsible for Operations, Safety, Health, Sustainable Development, Communications and Community Relations across the mining and steel sectors for over 34 years. Mr. Porter has led the development and execution of business strategy, negotiated agreements with international unions, governments and communities and led business transformation initiatives.

Pierre Pettigrew. From January 1996 to February 2006, Mr. Pettigrew served as a member of the Government of Canada where he led a number of senior government departments in successive federal Canadian governments. Among other positions, he has served Canada as the Minister of Foreign Affairs, Minister for International Trade and the Minister for International Cooperation. Mr. Pettigrew presently works with Deloitte & Touche, LLP in the role of Executive Advisor, International and he serves as a director of several public companies.

Reliance on Certain Exemptions

Since the commencement of the Company's recently completed financial year, the Company has not relied on any exemptions available under National Instrument 52-110 — *Audit Committees*.

Audit Committee Oversight

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

Pre-Approval Policies and Procedures

The Audit Committee charter sets out procedures regarding the provision of non-audit services by the Company's independent registered chartered accountants. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditor's

independence and requires Audit Committee pre-approval of permitted non-audit and non-audit-related services.

External Auditor Service Fees (by category)

KPMG LLP was appointed as the Company's external auditors pursuant to a letter dated December 14, 2010. The appointment was ratified by the Board on December 14, 2010. The aggregate fees billed by the Company's external auditors for the last two fiscal years are set out in the table below. "Audit Fees" includes fees for audit services including the audit services completed for the Company's subsidiaries. "Audit-Related Fees" includes fees for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and not reported under Audit Fees, including the review of interim filings and travel related expenses for the annual audit. "Tax Fees" includes fees for professional services rendered by the external auditor for tax compliance, tax advice, and tax planning. "All Other Fees" includes all fees billed by the external auditors for services not covered in the other three categories. On May 14, 2018, the Company appointed McGovern Hurley LLP as the Company's external auditor replacing KPMG LLP.

Year	Audit Fees (\$)	Audit Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
2019	34,262	3,466	5,000	NIL
2018	29,906	NIL	5,000	NIL

The Joint Corporate Governance and Compensation Committee

The Joint Committee is currently comprised of Messrs. David Porter (Chair), Pierre Pettigrew and Bruce Humphrey; and each of whom is an independent director.

The Board, with the assistance of the Joint Committee, is responsible for reviewing the compensation of members of the Board to ensure that compensation realistically reflects the responsibilities and risks involved in being a director and for reviewing the compensation of members of senior management to ensure that compensation is competitive within the industry and aligns the interests of such individual with those of the Company.

In connection with its responsibilities relating to compensation of the Company's directors and officers, the Joint Committee is responsible for: (i) annually reviewing, approving and recommending to the Board for approval, the remuneration of the senior executives of the Company (including the Chief Executive Officer and Chief Financial Officer); (ii) reviewing the Chief Executive Officer's goals and objectives for the upcoming year and providing an appraisal of such performance at the end of the year; (iii) meeting with the Chief Executive Officer to discuss goals, objectives, compensation and performance of other senior executive officers; (iv) reviewing and recommending to the Board for approval, the remuneration of directors and senior executives, including any bonus entitlements; (v) developing and submitting recommendations with regard to other employee benefits and bonus plans; (vi) periodically reviewing bonus plans and stock option plans in light of new trends and practices in the industry; (vii) reviewing the use of the Company's stock option plan; and (ix) reviewing the Company's executive compensation disclosure in any management information circular of the Company.

In addition, the Joint Committee is tasked with the function of developing and recommending to the Board a set of corporate governance principles applicable to the Company and to identify and recommend individuals to the Board for nomination as members of the Board and its committees (other than the Joint Committee). The Joint Committee is responsible for reviewing with the Board, on a periodic basis, the requisite skills and characteristics of prospective Board members as well as the composition of the Board as a whole. This assessment will include member's contribution, qualification as independent, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board. The Board identifies new candidates for board nomination by considering experience and qualifications in the areas of

mining, financial reporting, capital markets and public company stewardship. The Board seeks members who have skills and experiences in these areas and will augment its membership of the Board from time to time as considered necessary in order to ensure experience and skills from these areas are reflected on the Board at all times.

Board Assessments

The Board and its individual directors are assessed on an informal basis continually as to their effectiveness and contribution. All directors are free to make suggestions for improvement of the practice of the Board at any time and are encouraged to do so.

Director Term Limits

The Company has not adopted term limits for directors on the Board or other mechanisms of director renewal as the Board currently assesses each director in order to ensure that the Board is balanced between highly experienced directors with long-term knowledge and those with a fresh perspective. The Board will periodically consider whether term limits or other mechanisms of renewal for the Board should be adopted and will implement changes when necessary.

Women on the Board of Directors and in Executive Officers

The Company has not adopted a written policy specifically relating to the identification and nomination of women directors nor does the Board consider the level of representation of women when making executive officer appointments or set targets regarding women on the Board or in executive positions. However, informally, the Company values diversity, including, without limitation, diversity of experience, perspective, education, race, gender and national origin as part of its overall business strategy. The Board intends to consider whether it should adopt specific policies and practices regarding the representation of women on the Board and in executive positions, including the setting of targets for such representation. As at the date hereof, no members of the Board are women.

MATTERS TO BE CONSIDERED

Financial Statements

The financial statements for the fiscal year ended December 31, 2019, together with the auditor's report thereon, will be presented to Shareholders for review at the Meeting and were mailed to Shareholders with the Notice of Meeting and this Circular. No vote by the Shareholders is required with respect to this matter.

Election of Directors

Under the constating documents of the Company, the Company is to have a minimum of three directors and a maximum of ten directors. The Board currently consists of five directors. The Company has nominated five persons (the "**Nominees**") for election as a director at the Meeting. At the Meeting, Shareholders will be asked to elect these Nominees as directors.

The following table provides the names of the Nominees and information concerning such Nominees. The persons in the enclosed form of proxy intend to vote for the election of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director. At the Meeting, Shareholders will be asked to elect these Nominees as directors. The process for voting for election of each director will be by individual voting and not by slate voting. The Shareholders can vote for or withhold from voting on the election of each director on an individual basis. As the Company has adopted a Majority Voting Policy, the process for voting for election of each director will be by individual voting and not by slate voting. The Shareholders can vote for or withhold from voting on the election of each director

on an individual basis. See “Corporate Governance Practices” for more information on our Majority Voting Policy.

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the election of all of the Nominees. If prior to the Meeting any of such Nominees is unable to or unwilling to serve, the persons named in the accompanying form of proxy will vote for another nominee or nominees in their discretion if additional nominations are made at the Meeting. Each Nominee elected will hold office until his successor is elected at the next annual meeting of Shareholders, or any postponement(s) or adjournment(s) thereof, or until his successor is elected or appointed.

Information in the table below regarding the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the Nominees is based upon information furnished by the respective Nominee and is as at the Record Date.

Name, Municipality of Residence and Position with the Company	Director/Officer Since	Principal Occupation	Number of Common Shares Beneficially Owned, Directly or Indirectly or Over Which Control or Direction is Exercised
BRUCE HUMPHREY, Chair ⁽²⁾ Ontario, Canada	December 22, 2010	Business and Mining Consultant	622,500
JOHN DETMOLD, Director ⁽¹⁾ Naucalpan, Mexico	December 22, 2010	Managing Director, Invecture Group	3,090,909
PIERRE PETTIGREW, Director ⁽²⁾ Ontario, Canada	December 22, 2010	Executive Advisor, Deloitte & Touche LLP	737,500
DAVID PORTER, Director ^{(1) (2)} Ontario, Canada	December 22, 2010	Business and Mining Consultant	125,000
MATTHEW SIMPSON, Chief Executive Officer and Director Ontario, Canada	December 15, 2010	Chief Executive Officer of the Company	1,321,333

Notes:

⁽¹⁾ Member of the Audit Committee. John Detmold is the Chair of the Audit Committee.

⁽²⁾ Member of the Joint Committee. David Porter is the Chair of the Joint Committee.

The directors of the Company are elected by the Shareholders at each annual meeting and typically hold office until the next annual meeting at which time they may be re-elected or replaced.

The by-laws of the Company permit the Board to appoint directors to fill any casual vacancies that may occur between meetings of Shareholders. Individuals appointed as directors to fill casual vacancies on the Board hold office like any other director until the next annual general meeting at which time they may be re-elected or replaced.

As of the Record Date, the directors, as a group, beneficially own, directly or indirectly, or exercise control or direction over, a total of 6,517,242 Common Shares, representing approximately 2.79% of the then issued and outstanding Common Shares.

All of the Nominees were elected as directors by the Shareholders at the last annual meeting of the Shareholders.

Corporate Cease Trade Orders

To the Company's knowledge, no Nominee is, as at the date of the Circular, or was within ten years before the date of the Circular a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days, and that was issued while the Nominee was acting in such capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation, that was in effect for a period of more than 30 consecutive days, and that was issued after the Nominee 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.

Bankruptcies

To the Company's knowledge, no Nominee:

- (a) is, as at the date of the Circular, or has been within the ten years before the date of the Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the ten years before the date of the 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 assets of the Nominee.

Penalties or Sanctions

To the knowledge of the Company, no Nominee, has been subject to:

- (a) 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
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict is required to disclose his interest and abstain from voting on such matter.

Other than as disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of

any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies.

Indebtedness of Directors and Executive Officers

As at the date hereof, none of the Company's directors, executive officers, employees and former executive officers, directors and employees of the Company or any of its subsidiaries was indebted to the Company or its subsidiaries or has any indebtedness to another entity that is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or its subsidiaries.

Appointment of Auditors

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of McGovern Hurley LLP ("**McGovern**") as the auditor of the Company to hold office until the next annual general meeting and to authorize the directors to fix their remuneration. KPMG LLP ("**KPMG**") were first appointed the Company's auditor pursuant to a letter dated December 14, 2010. The appointment was ratified by the Board on December 14, 2010. KPMG were succeeded by McGovern as of May 14, 2018.

The Audit Committee recommends the election of McGovern Hurley LLP as the Company's auditor to hold office, until the Company's next annual general meeting. It is intended that all management proxies received will be voted in favour of the appointment of McGovern Hurley LLP as the Company's auditor, unless a proxy contains specific instructions to vote against such resolution.

Interest of Informed Persons in Material Transactions

To the knowledge of the directors and officers of the Company, no informed person of the Company, proposed nominee for director of the Company, or any associate or affiliate of the foregoing has or had any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company.

Additional Information

Additional information relating to the Company may be found under the profile of the Company on SEDAR at www.sedar.com. Additional financial information is provided in the Company's audited financial statements and related management's discussion and analysis for the financial year ended December 31, 2019, which can be found under the profile of the Company on SEDAR. Shareholders may also request these documents from the Corporate Secretary of the Company by email at dlopez@fmresources.ca or by telephone at (416) 861-2269.

Board of Directors Approval

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

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Matthew Simpson"

Chief Executive Officer

Toronto, Ontario
June 15, 2020

APPENDIX "A"



BLACK IRON INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. PURPOSE OF THIS CHARTER

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of Black Iron Inc. (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee’s primary duties and responsibilities are to:

- a) conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- b) assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- c) ensure that there is an appropriate standard of corporate conduct for senior financial personnel and employees including, if necessary, adopting a corporate code of ethics;
- d) review the quarterly and annual financial statements and management’s discussion and analysis of the Corporation’s financial position and operating results and in the case of the annual financial statements and related management’s discussion and analysis, report thereon to the Board for approval of same;
- e) select and monitor the independence and performance of the Corporation’s external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and
- f) provide oversight of all disclosure relating to, and information derived from, financial statements, management’s discussion and analysis and information.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors, as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval. In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part 4 of this Charter.

2. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- b) set and pay the compensation for advisors employed by the Committee; and
- c) communicate directly with the internal and external auditors.

3. COMPOSITION AND MEETINGS

The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission (“OSC”), the Toronto Stock Exchange, the *Business Corporations Act* (Ontario) and all applicable securities regulatory authorities.

- a) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair. The position description and responsibilities of the Chair are set out in Schedule “A” attached hereto.
- b) Each member of the Committee shall be “independent” and “financially literate”. An “independent” director is a director who has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which, in the view of the Board of Directors of the Corporation, could be reasonably expected to interfere with the exercise of the director’s independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of National Instrument 52-110 — *Audit Committees*, as set out in Schedule “B” hereto. A “financially literate” director is a director who has the ability to read and understand a set of financial instruments that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can be reasonably expected to be raised in the Corporation’s financial statements.
- c) Each member of the Committee shall sit at the appointment of the Board of Directors, and in any event, only so long as he or she shall be independent. The Committee shall report to the Board of Directors.
- d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present, either in person or by telephone, shall constitute a quorum.
- e) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- f) If, and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
- g) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours’ notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference

- telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- h) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
 - i) The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
 - j) The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.
 - k) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation, other than those relating to non-audit services and annual audit fees which do not require the approval of the Board.
 - l) The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.
 - m) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

4. RESPONSIBILITIES

- a) **Financial Accounting and Reporting Process and Internal Controls**
 - i) The Committee shall review the annual audited and interim financial statements and related management's discussion and analysis before the Corporation publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and in the case of the annual audited financial statements and related management's discussion and analysis, report thereon and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
 - ii) The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.
 - iii) The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion

- and analysis and annual and interim earnings press releases, and periodically assess the adequacy of these procedures.
- iv) The Committee shall review any press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.
 - v) The Committee shall meet no less than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.
 - vi) The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
 - (vii) The Committee shall provide oversight of the Corporation's policies, procedures and practices with respect to the maintenance of the books, records and accounts, and the filing of reports, by the Corporation with respect to third party payments in compliance with the *Corruption of Foreign Public Officials Act (Canada)*, the *Extractive Sector Transparency Measures Act (Canada)* and similar applicable laws.
 - viii) The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
 - ix) The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel and all employees.
 - x) The Committee shall establish and monitor procedures for:
 - the receipt, retention and treatment of complaints received by the Corporation regarding: (a) accounting, internal accounting controls or auditing matters; or (b) violations of the Corporation's policies including the Code of Business Conduct and Ethics; Anti-Bribery and Anti-Corruption Policy; and Corporate Disclosure, Confidentiality and Insider Trading Policy; and
 - the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters or violations of any of the Corporation's policies (as described above).
The Corporation's whistleblower policy will be extended to cover any concerns or complaints regarding the aforementioned matters.
 - xi) The Committee shall provide oversight to related party transactions entered into by the Corporation.
 - xii) The Committee shall establish the budget process, which shall include the setting of spending limits and authorizations, as well as periodic reports from the Chief Financial Officer comparing actual spending to the budget.
 - xiii) The Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.

b) Independent Auditors

- i) The Committee shall recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing

- other audit, review or attest services for the Corporation, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors' report directly to the Committee.
- ii) The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
 - iii) The pre-approval of the Committee shall be required as further set out in Schedule "C" prior to the undertaking of any non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter.
 - iv) The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.
 - v) The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
 - vi) The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
 - vii) The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within IFRS that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.
 - viii) The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
 - ix) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
 - x) The Committee shall monitor and assess the relationship between management and the external auditors and monitor and support the independence and objectivity of the external auditors.
 - xi) The Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

c) Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

SCHEDULE "A"
BLACK IRON INC.
POSITION DESCRIPTION FOR THE CHAIRMAN OF THE AUDIT COMMITTEE

1. PURPOSE

The Chairman of the Audit Committee of the Board shall be an independent director who is elected by the Board to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Corporation.

2. WHO MAY BE CHAIRMAN

The Chairman will be selected from amongst the independent directors of the Corporation who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee.

The Chairman will be selected annually at the first meeting of the Board following the annual general meeting of shareholders.

3. RESPONSIBILITIES

The following are the primary responsibilities of the Chairman:

- a) chairing all meetings of the Committee in a manner that promotes meaningful discussion;
- b) ensuring adherence to the Committee's Charter and that the adequacy of the Committee's Charter is reviewed annually;
- c) providing leadership to the Committee to enhance the Committee's effectiveness, including:
 - i) providing the information to the Board relative to the Committee's issues and initiatives and reviewing and submitting to the Board an appraisal of the Corporation's independent auditors and internal auditing functions;
 - ii) ensuring that the Committee works as a cohesive team with open communication, as well as ensuring open lines of communication among the independent auditors, financial and senior management and the Board of Directors for financial and control matters;
 - iii) ensuring that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;
 - iv) ensuring that the Committee serves as an independent and objective party to monitor the Corporation's financial reporting process and internal control systems, as well as to monitor the relationship between the Corporation and the independent auditors to ensure independence;
 - v) ensuring that procedures are in place to assess the audit activities of the independent auditors and the internal audit functions;
 - vi) ensuring that procedures are in place to review the Corporation's public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with any disclosure committee of the Corporation;
 - vii) ensuring that clear hiring policies are put in place for partners and employees of the auditors;
- d) ensuring that procedures are in place for dealing with complaints received by the Corporation regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns, ensuring the establishment of a budget process, which shall include the setting of spending limits and authorizations and

- periodical reports from the Chief Financial Officer of actual spending as compared to the budget regarding questionable accounting or auditing matters; and
- e) managing the Committee, including:
- i) adopting procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
 - ii) preparing the agenda of the Committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
 - iii) ensuring meetings are appropriate in terms of frequency, length and content;
 - iv) obtaining and reviewing with the Committee an annual report from the independent auditors, and arranging meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;
 - v) overseeing the Committee's participation in the Corporation's accounting and financial reporting process and the audits of its financial statements;
 - vi) ensuring that the auditor's report directly to the Committee, as representatives of the Corporation's shareholders; and
 - vii) annually reviewing with the Committee its own performance.

SCHEDULE “B”
BLACK IRON INC.
NATIONAL INSTRUMENT 52-110 AUDIT COMMITTEES (“NI 52-110”)

Section 1.4 — Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a “material relationship” is a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer’s current executive officers serves or served at that same time on the entity’s compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
 - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
 - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
 - (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Section 1.5 — Additional Independence Requirements for Audit Committee Members

- (1) Despite any determination made under section 1.4 of NI 52-110, an individual who
 - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities,is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
 - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

SCHEDULE “C”
BLACK IRON INC.
Procedures for Approval of Non-Audit Services

1. The Corporation’s external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
 - (a) bookkeeping or other services related to the Corporation’s accounting records or financial statements;
 - (b) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (c) actuarial services;
 - (d) internal audit outsourcing services;
 - (e) management functions;
 - (f) human resources;
 - (g) broker or dealer, investment adviser or investment banking services;
 - (h) legal services; and
 - (i) any other service that the Canadian Public Accountability Board or International Accounting Standards Board or other analogous board which may govern the Corporation’s accounting standards, from time to time determines is impermissible.

2. In the event that the Corporation wishes to retain the services of the Corporation’s external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.

3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.