



**Zephyr Minerals Ltd.**

## **ZEPHYR MINERALS LTD.**

### **Notice of Annual and Special Meeting of Shareholders and Management Information Circular**

Meeting Date: Thursday, May 30, 2019 at 11:00 a.m. (Atlantic Time)

Purdy's Wharf Tower II  
Suite 1300-1969 Upper Water Street  
Halifax, Nova Scotia

Dated: April 26, 2019

**ZEPHYR MINERALS LTD.**  
**1301 – 1959 Upper Water Street**  
**Halifax, Nova Scotia**  
**B3J 3N2**

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

NOTICE IS HEREBY GIVEN that the annual and special meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of Zephyr Minerals Ltd. (the "**Corporation**") will be held at Purdy's Wharf Tower II, Suite 1300, 1969 Upper Water Street, Halifax, Nova Scotia on **Thursday, May 30, 2019, at 11:00 a.m. (Atlantic Time)** for the following purposes:

- (a) to receive and consider the financial statements of the Corporation for the year ended December 31, 2018 (the "**Annual Financial Statements**"), together with the report of the auditor thereon. No vote by the Shareholders is required or proposed to be taken with respect to the Annual Financial Statements;
- (b) to elect directors of the Corporation for the forthcoming year;
- (c) to appoint the auditor of the Corporation for the forthcoming year and to authorize the directors to fix the auditor's remuneration;
- (d) to approve the Corporation's incentive stock option plan;
- (e) to transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the management information circular (the "**Circular**") accompanying and forming part of this notice of the Meeting.

Only Shareholders of record at the close of business on Thursday, April 25, 2019, are entitled to receive notice of the Meeting and to vote at the Meeting.

To assure your representation at the Meeting as a registered Shareholder (a "**Registered Shareholder**"), please complete, sign, date and return the enclosed proxy, whether or not you plan to personally attend the Meeting. Sending your proxy will not prevent you from voting in person at the Meeting. All proxies completed by Registered Shareholders must be received by the Corporation's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), not later than **Tuesday, May 28, 2019 at 11:00 a.m. (Atlantic Time)**. A Registered Shareholder must return the completed proxy to Computershare as follows:

- (a) by **mail** in the enclosed envelope; or
- (b) by the **Internet** or **telephone** as described on the enclosed proxy; or
- (c) by **registered mail**, by **hand** or by **courier** to the attention of Computershare Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

Non-registered Shareholders ("**Non-Registered Shareholders**") whose shares are registered in the name of an intermediary should carefully follow voting instructions provided by the intermediary. A more detailed description on returning proxies by Non-Registered Shareholders can be found beginning on page [2] of the attached Circular.

DATED at Halifax, in the Halifax Regional Municipality, Nova Scotia, this 26<sup>th</sup> day of April, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "*David Felderhof*"

\_\_\_\_\_  
David Felderhof  
Executive Vice President and Director

**ZEPHYR MINERALS LTD.**  
**1301 – 1959 Upper Water Street**  
**Halifax, Nova Scotia**  
**B3J 3N2**

**MANAGEMENT INFORMATION CIRCULAR**

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**ZEPHYR MINERALS LTD.**  
**MANAGEMENT INFORMATION CIRCULAR**  
(as at April 26, 2019, except as indicated)

**INFORMATION REGARDING ORGANIZATION AND CONDUCT OF MEETING**

THIS MANAGEMENT INFORMATION CIRCULAR ("CIRCULAR") IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY OR ON BEHALF OF THE MANAGEMENT OF ZEPHYR MINERALS LTD. ("Corporation") for use at the annual and special meeting (the "Meeting") of the shareholders of the Corporation (the "Shareholders") to be held at Purdy's Wharf Tower II, Suite 1300, 1969 Upper Water Street, Halifax, Nova Scotia **Thursday, May 30, 2019, at 11:00 a.m. (Atlantic Time)**, or at any adjournment thereof, for the purposes set forth in the accompanying notice of meeting (the "Notice of Meeting").

**Solicitation of Proxies**

Solicitation of proxies will be primarily by mail, but may also be by telephone or other means of communication by the directors, officers, employees or agents of the Corporation at nominal cost. All costs of solicitation will be paid by the Corporation. The Corporation will also pay the fees and costs of intermediaries for their services in transmitting proxy-related material in accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101").

**Appointment and Revocation of Proxies**

***General***

Shareholders may be "Registered Shareholders" or "Non-Registered Shareholders". If common shares of the Corporation ("**Common Shares**") are registered in the Shareholder's name, the Shareholder is a "**Registered Shareholder**". If Common Shares are registered in the name of an intermediary and not registered in the Shareholder's name, they are said to be owned by a "**Non-Registered Shareholder**". An intermediary is usually a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates. The instructions provided below set forth the different procedures for voting Common Shares at the Meeting to be followed by Registered Shareholders and Non-Registered Shareholders.

The persons named in the enclosed instrument appointing proxy are officers and directors of the Corporation. **Each Shareholder has the right to appoint a person or company (who need not be a Shareholder) to attend and act for him at the Meeting other than the persons designated in the enclosed form of proxy.** Shareholders who have given a proxy also have the right to revoke it insofar as it has not been exercised. The right to appoint an alternate proxy holder and the right to revoke a proxy may be exercised by following the procedures set out below under "*Registered Shareholders*" or "*Non-Registered Shareholders*", as applicable.

If any Shareholder receives more than one (1) proxy or voting instruction form, it is because that Shareholder's shares are registered in more than one form. In such cases, Shareholders should sign and submit all proxies or voting instruction forms received by them in accordance with the instructions provided.

### ***Registered Shareholders***

Registered Shareholders have two methods by which they can vote their Common Shares at the Meeting; namely, in person or by proxy. To assure representation at the Meeting, Registered Shareholders are encouraged to return the proxy included with this Circular. Sending in a proxy will not prevent a Registered Shareholder from voting in person at the Meeting. His or her vote will be taken and counted at the Meeting. Registered Shareholders who do not plan to attend the Meeting or do not wish to vote in person can vote by proxy.

Proxies must be received by the Corporation's transfer agent, **Computershare Investor Services Inc.** ("**Computershare**"), not later than **Wednesday, May 29, 2019, at 10:00 a.m. (Halifax Time)**. A Registered Shareholder must return the completed proxy to Computershare as follows:

- (a) by **mail** in the enclosed envelope; or
- (b) by the **Internet** or **telephone** as described on the enclosed proxy; or
- (c) by **registered mail**, by **hand** or by **courier** to the attention of Computershare Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

To exercise the right to appoint a person or company to attend and act for a Registered Shareholder at the Meeting, a Shareholder must strike out the names of the persons designated on the enclosed instrument appointing proxy and insert the name of the alternate appointee in the blank space provided for that purpose.

To exercise the right to revoke a proxy, in addition to any other manner permitted by law, a Shareholder who has given a proxy may revoke it by instrument in writing, executed by the Shareholder or his attorney authorized in writing, or if the Shareholder is a corporation, by a duly authorized officer or attorney thereof, and deposited: (i) with the Corporation at c/o McInnes Cooper, 1300-1969 Upper Water Street, Purdy's Tower II, PO Box 730, Halifax, Nova Scotia B3J 2V1, Attention: Suzan Frazer, Fax: (902) 425-6350 at any time up to and including the last business day preceding the Meeting at which the proxy is to be used, or at any adjournment thereof, or (ii) with the Chairman of the Meeting on the date of the Meeting, or at any adjournment thereof, and upon either of such deposits the proxy is revoked.

### ***Non-Registered Shareholders***

Non-Registered Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "**NOBOs**". Non-Registered Shareholders who have objected to their intermediary disclosing the ownership information about themselves to the Corporation are referred to as "**OBOs**".

In accordance with the requirements of NI 54-101, the Corporation is sending the Notice of Meeting, this Circular and either the voting instruction form ("**VIF**") or the form of proxy, as applicable, (collectively, the "**Meeting Materials**") directly to the NOBOs and, indirectly, through intermediaries to the OBOs. The Corporation will also pay the fees and costs of intermediaries for their services in delivering Meeting Materials to OBOs in accordance with NI 54-101.

#### *Meeting Materials Received by OBOs from Intermediaries*

The Corporation has distributed copies of the Meeting Materials to intermediaries for distribution to OBOs. Intermediaries are required to deliver these materials to all OBOs of the Corporation who have not waived their rights to receive these materials, and to seek instructions as to how to vote the Common Shares. Often, intermediaries will use a service company (such as Broadridge Financial Solutions, Inc.) to forward the Meeting Materials to OBOs.

OBOs who receive Meeting Materials will typically be given the ability to provide voting instructions in one of two ways:

- (a) Usually, an OBO will be given a VIF which must be completed and signed by the OBO in accordance with the instructions provided by the intermediary. In this case, the mechanisms described above for Registered Shareholders cannot be used and the instructions provided by the intermediary must be followed.
- (b) Occasionally, however, an OBO may be given a proxy that has already been signed by the intermediary. This form of proxy is restricted to the number of Common Shares owned by the OBO but is otherwise not completed. This form of proxy does not need to be signed by the OBO but must be completed by the OBO and returned to Computershare in the manner described above for Registered Shareholders.

The purpose of these procedures is to allow OBOs to direct the proxy voting of the Common Shares that they own but that are not registered in their name. If an OBO who receives either a form of proxy or a VIF wishes to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the OBO should strike out the persons named in the form of proxy as the proxy holder and insert the OBO's (or such other person's) name in the blank space provided or, in the case of a VIF, follow the corresponding instructions provided by the intermediary. **In either case, OBOs who receive Meeting Materials from their intermediary should carefully follow the instructions provided by the intermediary.**

To exercise the right to revoke a proxy, an OBO who has completed a proxy (or a VIF, as applicable) should carefully follow the instructions provided by the intermediary.

Proxies returned by intermediaries as "non-votes" either because the intermediary has not received instructions from the OBO with respect to the voting of certain shares or because, under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the Meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Common Shares represented by such "non-votes" will, however, be counted in determining whether there is a quorum.

#### *Meeting Materials Received by NOBOs from the Corporation*

As permitted under NI 54-101, the Corporation has used a NOBO list to send the Meeting Materials directly to the NOBOs whose names appear on that list. If you are a NOBO and the Corporation's transfer agent, Computershare, has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained from the intermediary holding such shares on your behalf in accordance with applicable securities regulatory requirements.

As a result, any NOBO of the Corporation can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided. Computershare will tabulate the results of the VIFs received from the Corporation's NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs received by Computershare.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding Common Shares on your behalf) has assumed responsibility for: (i) delivering these materials to you, and (ii) executing your proper voting instructions. The intermediary holding Common Shares on your behalf has appointed you as the proxy holder of such shares, and therefore you can provide your voting instructions by completing the proxy included with this Circular in the same way as a Registered Shareholder. Please refer to the information under the heading "*Registered Shareholders*" for a description of the procedure to return a proxy, your right to appoint another person or company to attend the meeting, and your right to revoke the proxy.

Although a Non-Registered Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker, a Non-Registered Shareholder may attend the Meeting as proxy holder for the Registered Shareholder and vote the Common Shares in that capacity. A Non-Registered Shareholder who wishes to attend the Meeting and indirectly vote his or her Common Shares as proxy holder for the Registered Shareholder should enter his or her own name in the blank space on the form of proxy provided to him or her and return the same to his or her broker (or the broker's agent) in accordance with the instructions provided by such broker.

#### **Notice-and-Access**

The Corporation is not sending the Meeting Materials to Registered Shareholders or Non-Registered Shareholders using notice-and-access delivery procedures defined under NI 54-101 and National Instrument 51-102, *Continuous Disclosure Obligations*.

#### **Exercise of Proxies**

Where a choice is specified, the Common Shares represented by proxy will be voted for, withheld from voting or voted against, as directed, on any poll or ballot that may be called. **Where no choice is specified, the proxy will confer discretionary authority and will be voted in favour of all matters referred to on the form of proxy. The proxy also confers discretionary authority to vote for, withhold from voting, or vote against amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting.**

Management has no present knowledge of any amendments or variations to matters identified in the Notice of Meeting or any business that will be presented at the Meeting other than that referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, it is the intention of the person named in the enclosed instrument appointing proxy to vote in accordance with the recommendations of the management of the Corporation.

#### **Voting Shares**

The authorized capital of the Corporation consists of an unlimited number of Common Shares, of which 48,742,620 Common Shares are issued and outstanding as of the date hereof.

The board of directors of the Corporation ("**Board**" or "**Board of Directors**") has fixed the record date for the Meeting as the close of business on Thursday, April 25, 2019 (the "**Record Date**"). Only Shareholders as of the close of business on the Record Date will be entitled to vote at the Meeting. Shareholders entitled to vote shall have one (1) vote each on a show of hands and one (1) vote per Common Share on a poll.

#### **Quorum**

A quorum of Shareholders will be present at the meeting if at least two (2) persons representing in the aggregate not less than five percent (5%) of the Common Shares entitled to vote at a meeting of Shareholders are present in person or by proxy.

#### **Principal Shareholders**

As of the date hereof, to the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owns, or exercises control or direction over, directly or indirectly, Common Shares carrying ten percent (10%) or more of the voting rights attaching to all outstanding Common Shares of the Corporation, except as follows:

Name	Number of Common Shares	Percentage of Common Shares Owned
OakRun Precious Metals Fund Ltd.	11,375,000 <sup>(1)</sup>	23.3%

Notes:

(1) Based on public filings with securities regulatory authorities in Canada.

## FINANCIAL STATEMENTS

The financial statements of the Corporation, the auditor's report thereon and management's discussion and analysis for the fiscal year ended December 31, 2018, will be presented to the Shareholders at the Meeting.

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

No person who has been a director or executive officer of the Corporation since January 1, 2018 nor any proposed nominee for election as a director, nor any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities of the Corporation or otherwise in the matters to be acted upon at the Meeting other than the election of directors, except that directors and executive officers are eligible to participate in the Corporation's incentive stock option plan (see "*Matters to be Voted on at the Meeting - Approval of Incentive Stock Option Plan*" on page [8] of this Circular).

## MATTERS TO BE VOTED ON AT THE MEETING

### Election of Directors

The articles of incorporation of the Corporation provide that the size of the Board must consist of not less than one (1) director and not more than ten (10) directors to be elected annually. The size of the Board is to be determined by the Board and is currently fixed at six (6) directors. The Board is also authorized to appoint up to one-third (1/3) of the number of directors elected at the previous annual general meeting of Shareholders.

The persons named in the list which follows are the current directors of the Corporation. All of the proposed directors are, in the opinion of management, well qualified to direct the Corporation's activities for the ensuing year and have confirmed their willingness to serve as directors, if elected. The term of office of each director elected will be until the next annual meeting of the Shareholders or until the position is otherwise vacated.

**Unless the proxy specifically instructs the proxy holder to withhold such vote, Common Shares represented by the proxies hereby solicited shall be voted for the election of the nominees whose names are set forth below.** Management does not contemplate that any of these proposed nominees will be unable to serve as a director of the Corporation, but if that should occur for any reason prior to the Meeting, the persons designated in the enclosed instrument appointing proxy will have the right to use their discretion in voting for a properly qualified substitute.

Name, Province and Country of Residence	Principal Occupation	Director Since	Current Position(s) with the Corporation	Common Shares of the Corporation Owned, Controlled or Directed <sup>(1)</sup>
G. William Felderhof <sup>(2)</sup> Nova Scotia, Canada	President of Votix Corporation Limited	May 29, 2014	Director, Executive Chairman of the Board	2,396,666 <sup>(4)</sup>
Loren Komperdo <sup>(3)</sup> Alberta, Canada	President of Komp Resources Ltd.	June 14, 2010	Director, President and Chief Executive Officer	1,893,667
John M. Clark <sup>(5)</sup> Ontario, Canada	President of Investments and Technical Management Corp.	September 27, 2010	Director, Chief Financial Officer	100,000
David H. Felderhof Nova Scotia, Canada	Director and Executive Vice President of the Corporation	June 14, 2010	Director, Executive Vice President	1,286,500
Scott Rhodenizer <sup>(2)(3)(5)</sup> Florida, USA	CEO of OakRun Capital LLC	December 16, 2015	Director	Nil
John F. (Ted) Grant Nova Scotia, Canada	President of Fundy Drinks Ltd.	-	-	474,400

Notes:

- (1) The information as to shareholdings is provided as of April 26, 2018.  
(2) Member of Audit Committee.  
(3) Member of the Corporate Governance and Disclosure Policy Committee,  
(4) Includes 2,052,333 Common Shares held by Votix Corporation Limited., of which G. William Felderhof is the principal shareholder.  
(5) Member of the Compensation Committee.

**Loren Komperdo** – Loren Komperdo of Calgary, Alberta, a professional geologist, has been actively involved in the management of public resource companies since 1994. Mr. Komperdo was President and Chief Executive Officer of Keeper Resources Inc., a TSX Venture Exchange ("TSX-V") listed company since inception in October 2003 until May 2008, at which time the company was acquired by Vietnam Resource Investments (Holdings) Limited. Mr. Komperdo was on its board of directors from October 2003 until April 30, 2011. Prior to that, Mr. Komperdo co-founded Toronto Stock Exchange ("TSX") listed Tiberon Minerals Ltd. and served as its President and Chief Executive Officer from January 1995 until June 2003 and as a director from January 1995 until March 2009. In 2007, Tiberon was acquired by Dragon Capital Management Ltd. Mr. Komperdo worked as a geological consultant from 1983 to 1994 and as a petroleum exploration and development geologist with Canterra Energy Ltd. from 1981 to 1983. Prior to that, Mr. Komperdo was a geologist with Merlin Petroleum Consulting Ltd. from 1979 to 1981 after receiving a Bachelor of Science (Geology) degree from the University of Alberta in 1979. Mr. Komperdo is the President of Komp Resources Ltd., a resource and consulting company.

**John M. Clark** – John Clark of Toronto, Ontario is a chartered accountant and has been President of Investment and Technical Management Corp., a corporate finance and merchant banking firm, since 1999. He is a director of Vista Gold Corp., and Russel Metals Inc. Previously, he was Executive Chairman of Laurasia Resources Limited, an oil and gas company, from 1988 until its merger with Startech Energy Inc.

in 1997. From 1982 to 1987, Mr. Clark was a Senior Manager with Thorne Riddell Chartered Accountants (now KPMG LLP).

**David H. Felderhof** – David Felderhof of Dartmouth, Nova Scotia holds a Bachelor of Arts (Economics) degree and a Bachelor of Business Administration (Finance) degree from St. Francis Xavier University, Antigonish, Nova Scotia, obtained in 2002 and 2003, respectively. Mr. Felderhof served as Vice President of Orex Exploration Inc. (TSX-V:OX) from December 2014 and director from February 2015, both until October 2015. Mr. Felderhof served as Vice President and director of TSX-V listed Royal Roads Corp. (predecessor to Buchans Minerals Corporation) from 2007 until 2010. Mr. Felderhof also served as Vice President and director of TSX-V listed Buchans River Ltd. from 2007 until its amalgamation with Royal Roads Corp. in 2008. Prior to his involvement with Royal Roads Corp., Mr. Felderhof was an investment advisor with BMO Nesbitt Burns Inc.

**G. William Felderhof** – William Felderhof of Fox Harbour, Nova Scotia, is President of the resource management and investment private company Votix Corporation Limited, which has been his principal occupation since February 2010. Mr. Felderhof holds a Bachelor of Science (Geology) degree from Dalhousie University, Halifax (1972) and has been actively involved in the mineral resource industry for 47 years. Most of the past 31 years have been spent heading-up publicly traded resource companies; most notably, Acadian Mining Corporation ("Acadian"), East Indies Mining Inc. and Jascan Resources Ltd. He was the founder of Acadian (formerly, Acadian Gold Corp.) in March 2003 and served as a Director, President and Chief Executive Officer until February 2010. Prior to becoming involved with publicly traded resource companies, Mr. Felderhof was Vice-President and Managing Director of A.C.A. Howe International Limited, a geological and mining consulting firm based in Toronto, Canada and also Johannesburg, South Africa. Mr. Felderhof served as director of Orex Exploration Inc. (TSX-V:OX) from December 2011 until November 2015.

**Scott Rhodenizer** – Scott Rhodenizer of Palm Beach Gardens, Florida, is founder and CEO of OakRun Capital LLC, an investment banking and asset management firm. Prior to that he was Managing Director at Deutsche Bank Securities Ltd., Miami, Florida. Mr. Rhodenizer has over 20 years experience in the investment industry including extensive experience advising various financial institutions and government organizations in structuring and managing pension, corporate and treasury portfolios. Mr. Rhodenizer's career also includes broad experience in traditional and structured investments, fixed income securities, derivatives, global equity, foreign exchange and commodities. Mr. Rhodenizer holds a Bachelor of Commerce (Finance) degree from St. Mary's University, Halifax Nova Scotia, obtained in 1992.

**John F. (Ted) Grant** – Ted Grant of Halifax, Nova Scotia, holds a Bachelor of Applied Arts and Science degree from Holland College and a Master of Education from the University of Prince Edward Island obtained in 2013 and 2016 respectively. Mr. Grant is currently the co-founder and President of Fundy Drinks Ltd., a beverage bottling company. Prior to that Mr. Grant served as the Chief Product Officer for Truleaf Plant Science, a sustainable food agricultural company in partnership with McCain Foods. Over the last decade, Mr. Grant has held positions on five continents in both private business and academia, including a senior role as Academic Chair with the Nova Scotia Community College. Mr. Grant brings extensive board governance experience, having served in numerous board seats over the last 12 years.

### ***Corporate Cease Trade Orders and Bankruptcies***

Except as set out below, none of the proposed directors of the Corporation is, or has been within the ten (10) years prior to the date hereof, a director or executive officer (including chief executive officer or chief financial officer) of any company (including the Corporation) that: (i) while such person was acting in that capacity, was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation and, in each case, that was in effect for a period of more than thirty (30) consecutive days (any such order, an "**Order**"); (ii) was subject to an Order that was issued after such person 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 that capacity; or (iii) while such 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.

Mr. William Felderhof was an officer and director of Acadian Mining Corporation in December 2008 when ScoZinc Limited ("**ScoZinc**"), a wholly owned subsidiary of Acadian Mining Corporation, was granted an order by the Supreme Court of Nova Scotia under the *Companies Creditors' Arrangement Act* (Canada) protecting it from its creditors. The creditors of ScoZinc accepted the plan of arrangement ("**Plan of Arrangement**") ScoZinc presented to them at a meeting held on May 21, 2009, and the Plan of Arrangement was ratified by the Nova Scotia Supreme Court on May 29, 2009. The Plan of Arrangement was implemented and all affected creditors were paid in accordance with the terms of the Plan of Arrangement. The implementation of the Plan of Arrangement has been discharged.

No proposed director has, within the 10 years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### ***Penalties or Sanctions***

Other than as specified below, no proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or was subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

In December 2009, the Nova Scotia Securities Commission granted an order approving a settlement agreement between Royal Roads Corp. (now Buchans Minerals Corporation) and staff of the Nova Scotia Securities Commission with respect to Royal Roads Corp.'s failure to report a material change in a timely manner, which material change occurred at a time when Mr. David Felderhof and Mr. William Felderhof were officers and directors of Royal Roads Corp. Royal Roads Corp. was ordered to pay an administrative penalty of \$20,000 under the settlement agreement as well as \$1,500 towards the cost of the investigation incurred by the Nova Scotia Securities Commission.

### **Appointment of Auditor**

The auditor of the Corporation since May 26, 2010 has been Wasserman Ramsay, Chartered Accountants, 3601 Highway 7 East, Markham, Ontario, L3R 0M3. Management recommends the re-appointment of Wasserman Ramsay. The Shareholders will be asked at the Meeting to vote for the re-appointment of Wasserman Ramsay as auditor of the Corporation until the next annual meeting of Shareholders of the Corporation, at a remuneration to be fixed by the Board.

It is intended that all proxies received will be voted in favour of the appointment of Wasserman Ramsay as auditor of the Corporation, unless a proxy contains instructions to withhold the same from voting. Greater

than fifty percent (50%) of the votes of Shareholders present in person or by proxy are required to approve the appointment of Wasserman Ramsay as auditor of the Corporation.

## **Approval of Incentive Stock Option Plan**

### ***Introduction***

The Board of Directors and the Shareholders approved and adopted a ten percent (10%) "rolling" stock option plan on June 14, 2010. In light of the Corporation's graduation from a capital pool company to a TSX-V Tier 2 listed company, the Board approved an amended incentive stock option plan on September 28, 2011 and, on April 26, 2012, the Board approved a further amended and restated incentive stock option plan (as amended and restated, the "**Plan**") for the Corporation as a result of certain amendments to the *Income Tax Act* (Canada) that trigger employer tax withholding and remittance requirements for stock option benefits. The Shareholders approved the Plan, as amended and restated, at the annual and special meeting of the Shareholders on May 31, 2012 and re-approved the Plan at the annual and special meetings of the Shareholders on May 30, 2013, May 29, 2014, May 29, 2015, June 7, 2016, May 30, 2017 and May 30, 2018. The Plan is a ten percent (10%) "rolling" stock option plan that is subject to annual Shareholder approval in accordance with Policy 4.4 – *Incentive Stock Options* of the TSX-V ("**Policy 4.4**").

The Corporation is seeking re-approval of the Plan by the Shareholders at the Meeting in accordance with the rules and policies of the TSX-V, in particular Policy 4.4.

The purpose of the Plan is to attract and retain service providers, employees, officers and directors of the Corporation and to motivate them to advance the interests of the Corporation by affording them with the opportunity to acquire an equity interest in the Corporation through options. The Plan has been drafted to comply with the policies of the TSX-V. The following information is intended as a brief description of the Plan, and is qualified in its entirety by reference to the Plan itself as appended to the Corporation's management information circular dated April 30, 2012, which is available on SEDAR at [www.sedar.com](http://www.sedar.com). A copy of the Plan will also be promptly provided by the Corporation free of charge to any Shareholder upon request. To request a copy of the Plan, Shareholders should contact David Felderhof at Zephyr Minerals Ltd., 1301 – 1959 Upper Water Street, Halifax, Nova Scotia, B3J 3N2, by telephone at 902 446-4189 or by fax at 866-941-4715.

### ***The Plan***

The Plan provides that the number of Common Shares reserved for issuance upon the exercise of options granted under the Plan is a rolling maximum number that shall not be greater than ten percent (10%) of the issued and outstanding Common Shares of the Corporation (on a non-diluted basis) at any point in time.

The Plan is administered by the Board and the principal terms of the Plan are summarized as follows:

1. Options may be granted to "eligible persons", which include directors, officers, employees, consultants or management company employees of the Corporation or its affiliates, and any other person or entity engaged to provide ongoing services to the Corporation or its affiliates determined by the Board as eligible for participation in the Plan.
2. The aggregate number of Common Shares that may be reserved for issuance upon the exercise of options granted to:
  - (a) any one individual may not exceed five percent (5%) of the total outstanding Common Shares (on a non-diluted basis) in any 12 month period;
  - (b) insiders of the Corporation may not exceed ten percent (10%) of the total outstanding Common Shares (on a non-diluted basis) in any 12 month period and the Plan may not result in the issuance to insiders, within a one-year period, of a number of Common

Shares exceeding ten percent (10%) of the total outstanding Common Shares (on a non-diluted basis);

- (c) consultants of the Corporation may not exceed two percent (2%) of the total outstanding Common Shares (on a non-diluted basis) in any 12 month period; and
  - (d) persons employed to conduct investor relations activities may not exceed two percent (2%) of the total outstanding Common Shares (on a non-diluted basis) in any 12 month period.
3. Unless otherwise determined by the Board at the time of grant, options are exercisable at any time after the date of grant, except in the event the optionee is a consultant engaged in investor relations activities. The options of such optionee must vest in stages with no more than one quarter (1/4) of the options vesting in any three (3) month period.
  4. The exercise price under any option shall be determined by the Board but shall not be less than the greater of: (i) the price permitted by the TSX-V, and (ii) the price permitted by any other regulatory body having jurisdiction.
  5. Options may be granted for a term of up to ten (10) years, as determined by the Board, subject to an automatic extension for ten (10) business days in the event the expiry date of the options occurs during, or within ten (10) business days of the end of, a blackout period imposed by the Corporation during which time no securities of the Corporation may be traded by certain persons such as insiders or employees of the Corporation.
  6. Options may not be assigned or transferred.
  7. If an optionee ceases to be an eligible person under the Plan for any reason other than termination by the Corporation for cause, the options will continue to be exercisable within the ninety (90) days (or twelve (12) months in the case of the death of the optionee) following the date the optionee ceased to be an eligible person. If an optionee is terminated for cause, the options will expire and terminate immediately upon the optionee ceasing to be a director, officer, employee, consultant or management company employee.
  8. The amendment procedure of the Plan designates a category of listed amendments that can be made to the Plan by the Board without requiring the approval of Shareholders unless specifically required by the TSX-V. These amendments include: (i) altering, extending or accelerating option vesting terms and conditions; (ii) amending the termination provisions of an option; (iii) accelerating the expiry date of options; (iv) amending or modifying the mechanics of exercising options; (v) amending provisions relating to financial assistance to optionees under the Plan; and (vi) making "housekeeping" amendments, such as those necessary to cure errors or ambiguities contained in the Plan. Certain other amendments require shareholder approval, such as increasing the number of Common Shares issuable under the Plan and extending the term of the options granted under the Plan.

#### ***Existing Stock Options***

As of April 26, 2019, the Corporation had stock options outstanding under the Plan that were exercisable to acquire, in the aggregate, 3,425,000 Common Shares. See "*Securities Authorized for Issuance Under Equity Compensation Plans*" on page [14] of this Circular for additional information with regard to the options outstanding as at December 31, 2018.

***Approving the Plan***

The Shareholders will be asked to approve the Plan pursuant to which the number of Common Shares available for issuance upon the exercise of options granted thereunder shall not be greater than ten percent (10%) of the issued and outstanding Common Shares (on a non-diluted basis) at any point in time. A copy of the proposed form of resolution is set forth as Schedule "A" to this Circular.

The Shareholders will be asked to approve the Plan annually in accordance with the rules and policies of the TSX-V.

The directors of the Corporation believe the Plan is in the Corporation's best interest and recommend that the Shareholders approve the Plan. It is intended that all proxies received will be voted in favour of approving the Plan, unless a proxy contains instructions to vote against the resolution. Greater than fifty percent (50%) of the votes of Shareholders present in person or by proxy are required to approve the Plan.

**EXECUTIVE COMPENSATION****Named Executive Officers**

Applicable securities regulations require that the Corporation give details of the compensation paid to the Corporation's "named executive officers", who are defined as follows:

- (a) the chief executive officer (the "CEO");
- (b) the chief financial officer (the "CFO")
- (c) each of the three most highly compensated executive officers, or the three mostly highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose compensation was, individually, more than \$150,000 for that financial year; and
- (d) any individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

As at December 31, 2018, the end of the most recently completed financial year of the Corporation, the Corporation had two named executive officers; namely, the CEO and the CFO (collectively, the "**Named Executives**"). No officer or employee of the Corporation was paid more than \$150,000 during the financial year ended December 31, 2018.

**Currency**

All references to "\$" or "dollars" set forth in this Circular are in Canadian dollars, except where otherwise indicated.

**Objectives of the Corporation's Compensation Strategy**

The general objectives of the Corporation's compensation strategy are:

- (a) to compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long term Shareholder value;
- (b) to align management's interests with the long term interests of Shareholders;
- (c) to provide a compensation package that is commensurate with other comparable mineral exploration companies to enable the Corporation to attract and retain talent; and

- (d) to ensure that the total compensation package is designed in a manner that takes into account the Corporation's present stage of development and its available financial resources.

### **Elements of Compensation**

The Corporation's executive compensation program is comprised of three (3) components: (1) base salary; (2) a stock option plan; and (3) perquisites. Each element of compensation is described in more detail below. No Named Executive or director of the Corporation has been granted express permission by the Board to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive or director.

#### ***Base Salary***

Base salary is intended to compensate Named Executives for discharging their duties in respect of their position descriptions. It is intended that salaries of the Named Executives will be primarily determined based upon the Corporation's present stage of development and its available financial resources. Individual circumstances, which may include the scope and the geographic location of a Named Executive's position, the Name Executive's relevant competencies or experience and retention risk, may also be taken into consideration. Base salary will be reviewed by the Board of Directors each year in consultation with the Named Executive and may be adjusted as required based on the circumstances.

#### ***Option-Based Awards***

Incentive stock options were awarded to the directors and officers of the Corporation, including the Named Executives, following the completion of the Corporation's initial public offering on April 5, 2011. Generally, it is expected that incentive stock options will be awarded to executives at the commencement of employment and periodically thereafter. At the time of commencement of employment, option-based awards generally reflect industry comparables with companies at similar levels of development. During employment, options may be granted to reward Named Executives for their current performance, expected future performance and value to the Corporation, and take into account that number of options already held by the Named Executive and others.

Incentive stock options are granted to Named Executives pursuant to the Plan, the purpose of which is to advance the interests of the Corporation and its affiliates by encouraging the directors, officers, employees, and consultants of the Corporation to acquire Common Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation, rewarding significant performance achievements and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of their affairs. The Plan will continue to be one of the Corporation's primary tools for attracting, motivating and retaining qualified employees, which is critical to the Corporation's success. For more information on the Plan, see "*Matters to be Voted on at the Meeting - Approval of Incentive Stock Option Plan*" on page 8 of this Circular.

#### ***Perquisites***

The Corporation provides a limited number of perquisites to its employees and executives, including to its Named Executives, which do not account for a material portion of their overall compensation. No perquisites were granted in 2018 to any of the Named Executives.

### **Risk Assessment**

The Board of Directors has reviewed the Corporation's compensation policies and practices and has considered whether there are any potential risks associated with those policies and practices. As a result of such review, the Board has determined that the Corporation's compensation policies and practices do not

give rise to any risks that are reasonably likely to have a material adverse effect on the Corporation. The Board will continue to monitor the Corporation's compensation policies and practices on a regular basis to ensure that potential risks associated therewith are identified and that the appropriate steps are taken to properly manage and mitigate such risks.

### **Summary Compensation Table**

The following table sets forth information regarding compensation paid to the Named Executives for the Corporation's three (3) most recently completed financial years ended December 31, 2018, 2017 and 2016.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Loren Komperdo, President and CEO <sup>(1)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil	24,000	24,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil	24,000	24,000
	2016	Nil	Nil	Nil	Nil	Nil	Nil	24,000	24,000
John M. Clark, CFO	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) Mr. Loren Komperdo received indirect compensation from the Corporation through consulting fees paid to Komp Resources Ltd., a company controlled by Mr. Komperdo, which is included in the column "All Other Compensation".

### **Incentive Plan Awards**

#### ***Outstanding Option-Based Awards and Share-Based Awards***

The following table presents details of all outstanding option-based awards and share-based awards to the Named Executives as at December 31, 2018:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Loren Komperdo, President and CEO	325,000 <sup>(2)</sup>	\$0.10	April 4, 2021	24,375	N/A	N/A	N/A
	100,000 <sup>(2)</sup>	\$0.15	March 18, 2020	2,500	N/A	N/A	N/A
John M. Clark, CFO	325,000 <sup>(2)</sup>	\$0.10	April 4, 2021	24,375	N/A	N/A	N/A

Notes:

(1) The value of unexercised in-the-money options is the difference between the 2018 year-end closing price on the TSX-V for Common Shares, which was \$0.175 per Common Share, and the exercise price of the options.

(2) All options vested on the date of grant.

During the financial year ended December 31, 2018, no stock options were exercised by Named Executives.

***Incentive Plan Awards – Value Vested or Earned During 2018***

Name	Option-Based Awards – Value Vested during 2018 (Loss)	Share-Based Awards – Value Vested during 2016	Non-equity Incentive Plan Compensation – Value earned during 2018
Loren Komperdo, President and CEO	N/A	N/A	N/A
John M. Clark, CFO	N/A	N/A	N/A

**Pension Plan Benefits**

The Corporation has no arrangements in place that provide for any form of pension plan benefits for Named Executives.

**Employment Contracts**

The Corporation has entered into an employment agreement (“**Agreement**”) with David Felderhof (“**Felderhof**”) with effect from March 1, 2016. Under the terms of the Agreement Felderhof will be employed in the capacity of Executive Vice President with a base annual salary of \$75,000 per year, subject to annual review by the Compensation Committee. After review by the Compensation Committee, the Agreement was amended to reflect a base salary of \$90,000 per year, effective May 1, 2018. There were no other amendments to the Agreement.

**Termination and Change of Control Benefits**

Felderhof may terminate the Agreement at anytime upon providing ninety days advance written notice to the Corporation. Pursuant to the terms of the Agreement, the services of Felderhof may be terminated by the Corporation without cause at anytime upon payment within thirty days of such termination a severance payment equal to one and one-half (1.5) times the base annual salary payable for the current fiscal year. Felderhof is not entitled to a payment if the Agreement is terminated for just cause. Upon a change of control, either Felderhof or the Corporation may terminate the Agreement and Felderhof will be entitled to a severance payment equal to two (2) times the base annual salary payable for the current fiscal year.

**Director Compensation**

The following table sets forth amounts of compensation provided to members of the Board, other than Named Executives, for the financial year ended December 31, 2018:

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All Other compensation (\$)	Total (\$)
David H. Felderhof	Nil	Nil	Nil	Nil	Nil	85,000 <sup>(1)</sup>	85,000
David Grand	Nil	Nil	Nil	Nil	Nil	Nil	Nil
G. William Felderhof	Nil	Nil	Nil	Nil	Nil	24,000 <sup>(2)</sup>	24,000
Scott Rhodenizer	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Represents the salary paid to Mr. David Felderhof for his services as Executive Vice President of the Corporation.
- (2) Mr. G. William Felderhof received indirect compensation from the Corporation through consulting fees paid to Votix Corporation Limited, a company controlled by Mr. G. William Felderhof, which is included in the column “All Other Compensation”.

Directors of the Corporation do not receive remuneration for attendance at meetings of the Board of Directors or any committees of the Board.

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

The following table presents details of all outstanding option-based awards and share-based awards to the directors, other than those who are also Named Executives (for whom this disclosure is set out under the heading "Incentive Plan Awards" on page 12 of this Circular), as at December 31, 2018.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested <sup>(2)</sup> (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
David H. Felderhof	325,000	\$0.10	April 4, 2021	24,375	N/A	N/A	N/A
	50,000	\$0.15	March 18, 2020	1,250	N/A	N/A	N/A
G. William Felderhof	100,000	\$0.15	March 18, 2020	2,500	N/A	N/A	N/A
	325,000	\$0.10	December 15, 2020	24,375	N/A	N/A	N/A
David Grand	Nil	-	-	-	-	-	-
Scott Rhodenizer	325,000	\$0.10	December 20, 2020	24,375	N/A	N/A	N/A

Notes:

- (1) The value of unexercised in-the-money options is the difference between the 2018 year-end closing price on the TSX-V for Common Shares, which was \$0.33 per Common Share, and the exercise price of the options.  
(2) All options vested on the date of grant.

During the financial year ended December 31, 2018, no stock options were exercised by directors of the Corporation.

**Incentive Plan Awards – Value Vested or Earned During 2018**

Name	Option-Based Awards – Value Vested during 2018 (Loss) <sup>(1)</sup>	Share-Based Awards – Value Vested during 2018	Non-equity Incentive Plan Compensation – Value earned during 2018
David Felderhof	N/A	N/A	N/A
G. William Felderhof	N/A	N/A	N/A
David Grand	N/A	N/A	N/A
Scott Rhodenizer	N/A	N/A	N/A

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

The Plan is the sole equity compensation plan adopted by the Corporation. The following table sets out information as of December 31, 2018, with regard to outstanding options exercisable into Common Shares under the Plan as well as outstanding options and warrants exercisable into Common Shares under individual compensation arrangements.

**Equity Compensation Plan Information**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column (a)) (c)</b>
Stock Option Plan (approved by Shareholders)	3,275,000	\$0.17	1,458,262 <sup>(1)</sup>

Notes:

- (1) This number equals 10% of the total issued and outstanding Common Shares on December 31, 2018 (which was 47,332,620) less the number of Common Shares reported under Column (a) above.

**INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No current or former directors, executive officers or employees of the Corporation or any of its subsidiaries or proposed directors, or associates or affiliates of any of these persons, have been indebted to the Corporation or its subsidiaries, or indebted to another entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation or any of its subsidiaries, at any time since the beginning of the Corporation's most recently completed financial year, other than "Routine Indebtedness" as that term is defined in applicable securities legislation.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

None of the directors, executive officers or principal shareholders of the Corporation, or associates or affiliates of any of these persons, had any material interest, direct or indirect, in any transaction since the beginning of the Corporation's most recently completed financial year, or in any proposed transaction which, in either case, has materially affected or would materially affect the Corporation or its subsidiaries.

**MANAGEMENT CONTRACTS**

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation.

**CORPORATE GOVERNANCE**

The Corporation is required to include in its Circular disclosure of its corporate governance practices in accordance with National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). NI 58-101 has been adopted by the securities commissions or similar regulatory authorities across Canada (the "**Canadian Securities Administrators**").

The Board endorses the efforts of the Canadian Securities Administrators in continuing the evolution of good corporate governance practices. The Board is committed to adhering to the highest standards in all aspects of its activities.

The corporate governance practices described below are subject to change as the Corporation evolves. Some of its practices are representative of its junior size; however, the Corporation has undertaken to periodically monitor and refine such practices as the size and scope of its operations increase. The Board shall remain sensitive to corporate governance issues and shall continuously seek to set up the necessary measures, control mechanisms and structures to ensure an effective discharge of its responsibilities without creating additional undue overhead costs.

### **Board of Directors**

The Board is currently comprised of six (6) directors, namely, Loren Komperdo, John M. Clark, David H. Felderhof, David Grand, G. William Felderhof and Scott Rhodenizer.

Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the corporation's board of directors, be reasonably expected to interfere with the exercise of the directors' independent judgment. In addition, certain individuals, by definition, are deemed to have a "material relationship" with the Corporation and therefore are deemed not to be independent. Messrs. David Grand and Scott Rhodenizer are considered independent of the Corporation. Messrs. Komperdo, Clark, David Felderhof and William Felderhof are not considered to be independent for the following reasons:

- (a) Mr. Komperdo is the President and CEO of the Corporation;
- (b) Mr. Clark is the CFO of the Corporation; and
- (c) Mr. David Felderhof is Executive Vice President of the Corporation.
- (d) Mr. William Felderhof's immediate family member is an executive officer of the Corporation.

### **Directorships**

The following directors of the Corporation are currently serving as directors of other reporting issuers:

<b>Director</b>	<b>Name of Other Reporting Issuer</b>
John M. Clark	Russel Metals Inc. (TSX) Vista Gold Corp. (TSX, AMEX)

### **Board Meetings**

There were four (4) formal Board meetings during the year ended December 31, 2018. The attendance record of each director at such meetings was as follows:

<b>Director</b>	<b>Number of Meetings Attended/Number of Meetings when the Person was a Director</b>
Loren Komperdo	4/4
John M. Clark	4/4
David H. Felderhof	4/4
David Grand	3/4
G. William Felderhof	4/4
Scott Rhodenizer	3/4

In addition, certain of the decisions of the Board of Directors since January 1, 2018, were passed by way of written consent following informal discussions among the directors and management of the Corporation.

### **Orientation and Continuing Education**

When new directors are appointed, they receive orientation, commensurate with their previous experience, regarding the Corporation's properties and business plans and on the responsibilities of directors. New Board members are also given materials outlining the securities law obligations and restrictions on the Board and on the Corporation. Board meetings may also include presentations or briefings by the Corporation's management and employees to give the directors additional insight into the Corporation's business activities. The Corporation also ensures that directors are afforded an opportunity to meet with management to review the operations of the Corporation. Directors are encouraged to participate in the continuing professional education opportunities that their individual professions offer.

**Ethical Business Conduct**

The Board supports ethical business practices. To date, the Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and, in particular, the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation. The Board has not formally adopted a written code of ethics.

**Nomination of Directors**

The Board does not have a formal process for identifying new candidates for Board nomination. When required, the Board collaborates with management to identify potential candidates and to consider their appropriateness for membership on the Board.

**Compensation**

The members of the Compensation Committee are John Clark, David Grand, and Scott Rhodenizer, of whom Messers Grand and Rhodenizer are considered independent, and Mr. Clark is not considered independent as a result of his role as CFO of the Corporation. The Compensation Committee is responsible to recommend to the Board the compensation levels of the Corporation's officers. The Compensation Committee also administers the Corporation's Plan, including stock option grants to the directors and officers. In determining the compensation of the officers, the Compensation Committee evaluates their performance and monitors compensation to ensure that it is appropriate given the Corporation's level of activity, current stage of development and its available financial resources. Based upon this evaluation, the Compensation Committee makes recommendations to the Board with respect to each executive's compensation including, as appropriate, salary, bonus, incentive compensation and benefit plan. In addition, the Compensation Committee conducts an informal survey of comparable data in the mining industry, taking into account the size and level of activity of the corporation.

**Other Board Committees**

The Board of Directors has appointed a Corporate Governance and Disclosure Policy Committee, the purpose of which is to: (i) oversee the development and maintenance of the corporate governance practices of the Corporation and to make recommendations to the Board on amendments to such practices from time to time; and (ii) oversee the development, establishment, maintenance, review and evaluation of controls and other procedures designed to ensure that information required to be disclosed by the Corporation in its publicly filed releases and reports is recorded, processed, summarized and reported within the applicable time period(s) specified in applicable rules and forms, and that the Corporation's public disclosures are materially accurate and complete and otherwise comply with or exceed applicable disclosure requirements. The Board has adopted a Corporate Governance and Disclosure Policy Committee Charter providing for, among other things, the membership, responsibilities and reporting requirements of the Corporate Governance and Disclosure Policy Committee.

The Corporate Governance and Disclosure Policy Committee is comprised of Loren Komperdo (Chair), David Grand and Scott Rhodenizer.

**Assessments**

The Board does not perform regular assessments; however, the Board believes that the size of the Corporation facilitates informal discussion and evaluation of the Board, its committees and its members.

## **AUDIT COMMITTEE**

### **Audit Committee Charter**

The charter of the Corporation's Audit Committee (the "**Audit Committee**") is attached to this Circular as Schedule "B".

### **Composition of Audit Committee & Relevant Education and Experience**

The members of the Audit Committee are Messrs. Scott Rhodenizer (Chair), G. William Felderhof and David Grand. All members are financially literate within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Messrs. Scott Rhodenizer and David Grand are considered independent of the Corporation within the meaning of NI 52-110. The education and experience of each Audit Committee member is described under the heading "*Matters to be Voted on at the Meeting - Election of Directors*" on page 5 of this Circular.

Venture issuers such as the Corporation are exempt from the requirement to have an Audit Committee comprised solely of independent members.

### **Audit Committee Oversight**

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

### **Pre-Approval Policies and Procedures**

Pursuant to NI 52-110, the Audit Committee must approve in advance all non-audit services to be provided to the Corporation by the external auditor. The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services. At no time since the commencement of the Corporation's most recently completed financial year has the Corporation retained the external auditor to provide any non-audit services to the Corporation.

### **External Auditor Service Fees**

The fees charged to the Corporation by its external auditor in each of the last two fiscal years are as follows:

	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2017</b>
Audit Fees	\$16,500	\$16,000
Audit-Related Fees	Nil	Nil
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil

### **No Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 from the requirement that the Audit Committee pre-approve all non-audit services to be provided to the Corporation by the Corporation's external auditor, or a discretionary exemption from the requirements of NI 52-110 in whole or in part, granted under Part 8 of NI 52-110.

### **Other Exemptions**

The Corporation is relying upon exemptions contained in Section 6.1 of NI 52-110 in connection with the following:

1. Section 6.1 of NI 52-110 exempts the Corporation from the requirement to disclose information relating to the Audit Committee in an annual information form ("AIF") as the Corporation, like other venture issuers, is exempt from the requirement to file an AIF under Section 6.1 of National Instrument 51-102 – *Continuous Disclosure Obligations*.
2. Section 6.1 of NI 52-110 exempts the Corporation from the requirements in Part 3 of NI 52-110 with regard to the composition of the Audit Committee, including the requirement that all members of the Committee must be independent.

### **PROPOSALS BY SHAREHOLDERS**

Pursuant to the *Canada Business Corporations Act* (the "**Act**"), resolutions intended to be presented by Shareholders for action at the next annual meeting must comply with the provisions of the Act and be deposited at the Corporation's head office not later than January 27, 2020 in order to be included in the management information circular relating to the next annual meeting.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis ("**MD&A**") for its most recently completed financial year. To request copies of the Corporation's financial statements and MD&A, Shareholders should contact David Felderhof at Zephyr Minerals Ltd., 1301 – 1959 Upper Water Street, Halifax, Nova Scotia, B3J 3N2, by telephone at 902 446-4189 or by fax at 866-941-4715. The financial statements and MD&A are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **APPROVAL OF CIRCULAR**

The contents and the sending of the Circular have been approved by the Board of Directors.

BY ORDER OF THE BOARD OF DIRECTORS, this 26<sup>th</sup> day of April 2019.

(Signed) "*David Felderhof*"

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David Felderhof  
Executive Vice President and Director

**SCHEDULE "A"**

**ZEPHYR MINERALS LTD.**

**Shareholders' Resolution Regarding Incentive Stock Option Plan**

Capitalized terms have the meanings ascribed thereto in the Management Information Circular dated April 26, 2019 (the "**Circular**") of Zephyr Minerals Ltd. (the "**Corporation**").

**BE IT RESOLVED** as a resolution of the shareholders of the Corporation that:

1. the incentive stock option plan (the "**Plan**"), as approved by the shareholders of the Corporation on May 31, 2018 in the form attached to the Corporation's management information circular dated April 30, 2012, is hereby ratified, confirmed and approved;
2. the form of the Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the Shareholders; and
3. any one of the directors or officers of the Corporation is hereby authorized to take all such actions and execute and deliver all such documents as are necessary or desirable for the implementation of this resolution.

**SCHEDULE "B"****ZEPHYR MINERALS LTD.****AUDIT COMMITTEE CHARTER****1.0 PURPOSE**

- 1.1 The Audit Committee ("**Committee**") is a standing committee of the board of directors (the "**Board**") of Zephyr Minerals Ltd. ("**Zephyr**" or the "**Corporation**") charged with assisting the Board in fulfilling its responsibility to its shareholders and to the investment community. Its role is to serve as an independent and objective party to oversee Zephyr accounting and financial reporting processes, internal control system and external audits of its financial statements.

**2.0 COMMITTEE MEMBERSHIP**

- 2.1 The Board shall annually appoint a minimum of three directors to the Committee the majority of whom shall be directors of Zephyr who are independent of management and free from any material relationship that, in the opinion of the Board, would interfere with the director's exercise of independent judgment as a member of the Committee.
- 2.2 Each member of the Committee must be financially literate, or if not financially literate at the time of his appointment, must become so within a reasonable period of time following his appointment.
- 2.3 Members of the Committee shall typically be appointed at the first meeting of the Board held following each annual meeting of the shareholders of Zephyr.
- 2.4 A member may resign or be removed from the Committee at any time and thereafter shall be replaced by the Board. A member of the Committee will automatically cease to be a member at such time as that individual ceases to be a director of Zephyr.

**3.0 CHAIR OF THE COMMITTEE**

- 3.1 The Board shall in each year appoint a chair of the committee ("**Chair**") from among the members of the Committee. In the Chair's absence, or if the position is vacant, the Committee may select another member to act as interim Chair.
- 3.2 The Chair shall be responsible to ensure the Committee meets regularly and performs its duties as set out herein, and to report to the Board of Directors on the activities of the Committee.

**4.0 AUDIT RESPONSIBILITIES**

- 4.1 The Committee is responsible to:

***Financial Statement and Disclosure Matters***

- (a) review the annual audited financial statements, and shall report thereon to the Board;
- (b) review the interim unaudited financial statements and, if satisfactory, approve such interim unaudited financial statements;
- (c) satisfy itself that Zephyr's annual audited financial statements are fairly presented in accordance with applicable Canadian generally accepted accounting principles and

recommend to the Board whether the annual financial statements should be approved and included in Zephyr's Annual Report;

- (d) satisfy itself that the information contained in the Corporation's quarterly financial statements, MD&A and any other financial publication or disclosure of financial information extracted or derived from the Corporation's financial statements, does not include any untrue statement of any material fact or omit to state a material fact that is required or necessary to make a statement not misleading in light of the circumstances under which it was made;
- (e) review Zephyr's financial statements, MD&A and, if applicable, annual and interim earnings press releases referring to financial information before the information is publicly disclosed, and ensure that adequate procedures are in place for the review of any other public disclosure derived from Zephyr's financial statements;
- (f) discuss with management and the external auditor significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies;
- (g) review and discuss quarterly reports from the external auditor on:
  - (i) all critical accounting policies and practices to be used;
  - (ii) all alternative treatments of financial information within applicable Canadian generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; and
  - (iii) other material written communications between the external auditor and management, such as any management letter or schedule of unadjusted differences;

***Oversight of the Corporation's External Auditors***

- (h) make recommendations to the Board regarding the selection and compensation of the external auditor to be put forth for appointment at each annual meeting of the Corporation;
- (i) satisfy itself that the external auditor reports directly to the Committee;
- (j) oversee the work of the external auditor engaged to prepare or issue an auditor's report or perform other audit, review or attest services for Zephyr, including the resolution of any disagreements between management and the external auditor regarding financial reporting;
- (k) obtain and review a report from the external auditor at least annually regarding:
  - (i) the external auditor's internal quality-control procedures;
  - (ii) any material issues raised by the most recent internal quality control review, or peer review, of the external audit firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm;

- (iii) any steps taken to deal with any such issues; and
- (iv) all relationships between the external auditor and Zephyr, including non-audit services;
- (l) evaluate the qualifications, performance and independence of the external auditor, including considering whether the external auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence, taking into account the opinions of management, and to present its conclusions with respect to the external auditor to the Board;
- (m) satisfy itself of the rotation of the audit partners and consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the external auditing firm on a regular basis;
- (n) meet with the external auditor and financial management of Zephyr to review the scope of the proposed audit for the current year and the audit procedures to be used;
- (o) satisfy itself that the audit function has been effectively carried out and that any matter which the external auditor wishes to bring to the attention of the Board has been addressed and that there are no unresolved differences between management and the external auditor;
- (p) pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Corporation by its external auditor, subject to the *de minimis* exceptions for non-audit services described in Multilateral Instrument 52-110, section 2.4, which are approved by the Committee prior to the completion of the audit. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting;
- (q) review and approve Zephyr's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;

***Financial Reporting and Risk Management***

- (r) review the audit plan of the external auditor for the current year, and review advice from the external auditors relating to management and internal controls and the Corporation's responses to the suggestions made therein;
- (s) discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies;
- (t) satisfy itself that the Corporation has implemented appropriate systems of internal control over financial reporting, the safeguarding of the Corporation's assets and other "risk management" functions affecting the Corporation's assets, management and financial and business operations, and that these systems are operating effectively;

***Compliance Oversight Responsibilities***

- (u) establish procedures for the receipt, retention and treatment of complaints received by Zephyr regarding accounting, internal accounting controls, or auditing matters;

- (v) establish procedures for the confidential, anonymous submission by employees of Zephyr of concerns regarding questionable accounting or auditing matters;
- (w) discuss with management and the external auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting policies;
- (x) discuss with the Corporation's general counsel or outside counsel, as appropriate, legal matters that may have a material impact on the financial statements, or the Corporation's compliance policies; and
- (y) satisfy itself that all regulatory compliance issues have been identified and addressed and identifying those that require further work.

4.2 While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles applicable rules and regulations. These are the responsibilities of management and the external auditor.

## **5.0 GENERAL RESPONSIBILITIES**

5.1 The Committee shall:

- (z) make regular reports to the Board;
- (aa) have the right, for the purpose of performing their duties:
  - (i) to inspect all the books and records of the Corporation and its subsidiaries;
  - (ii) to discuss such accounts and records and any matters relating to the financial position of the Corporation with the officers and auditor of the Corporation and its subsidiaries; and
  - (iii) to commission reports or supplemental information relating thereto;
- (bb) permit the Board to refer to the Committee such matters and questions relating to the financial position of the Corporation and its affiliates or the reporting related thereto as the Board may from time to time see fit; and
- (cc) perform any other activities consistent with this Charter, the Corporation's By-Laws and governing law, as the Committee or the Board deems necessary or appropriate.

## **6.0 MEETINGS**

6.1 The Chairman will appoint a secretary who will keep minutes of all meetings ("Secretary"). The Secretary does not have to be a member of the Committee or a director and can be changed by simple notice from the Chair.

6.2 No business shall be transacted by the Committee unless a quorum of the Committee is present or the business is transacted by resolution in writing signed by all members of the Committee. A majority of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one half of the number of members plus one shall constitute a quorum.

- 6.3 The Committee shall meet often as it deems necessary to carry out its responsibilities but not less frequently than quarterly.
- 6.4 The time at which, and the place where the meetings of the Committee shall be held, and the procedure in all respects of such meetings shall be determined by the Committee, unless otherwise provided for in the By-Laws of Zephyr or otherwise determined by resolution of the Board.
- 6.5 Meetings may be held in person, by teleconferencing or by videoconferencing.
- 6.6 Any decision made by the Committee shall be determined by a majority vote of the members of the Committee present. A member will be deemed to have consented to any resolution passed or action taken at a meeting of the Committee unless the member dissents.
- 6.7 Minutes of the Committee will be kept by the Secretary. The approved minutes of the Committee shall be circulated to the Board forthwith and shall be duly entered in the books of Zephyr.

**7.0 ACCESS TO MANAGEMENT AND OUTSIDE ADVISORS**

- 7.1 The Committee shall have full, free and unrestricted access to management and employees and to the relevant books and records of Zephyr.
- 7.2 The Committee may invite such other persons (e.g. the CEO, CFO, Controller) to its meetings, as it deems necessary.
- 7.3 The Committee shall have the authority to:
  - (dd) retain independent legal, accounting or other relevant advisors as it may deem necessary or appropriate to allow it to discharge its responsibilities;
  - (ee) set and pay the compensation of any such advisors, at the expense of Zephyr; and
  - (ff) to communicate directly with the internal and external auditor.
- 7.4 Any advisors retained shall report directly to the Committee.

**8.0 REPORTING REQUIREMENTS**

- 8.1 The Committee shall make regular reports to the Board, through the Chair, following meetings of the Committee.

**9.0 ANNUAL REVIEW AND ASSESSMENT**

- 9.1 The Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- 9.2 The Committee shall review its own performance annually and report to the Board.

**10.0 REMUNERATION**

- 10.1 The members of the Committee shall be entitled to receive such remuneration for acting as a member of the Committee as the Board may from time to time determine.

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