

**BOREAL METALS CORP.**

340 - 233 West 1<sup>st</sup> Street  
North Vancouver, British Columbia, V7M 1B3

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON THURSDAY, DECEMBER 21, 2017**

NOTICE IS HEREBY GIVEN that the 2017 annual general and special meeting (the “**Meeting**”) of the shareholders of Boreal Metals Corp. (the “**Company**”) will be held at Suite 2800, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7, on Thursday, December 21, 2017, at 10:00 am (Pacific time) for the following purposes:

1. To receive the audited consolidated financial statements of the Company for the year ended December 31, 2016 and the report of the auditor thereon.
2. To fix the number of directors for the ensuing year at five.
3. To elect directors of the Company for the ensuing year.
4. To consider and if deemed advisable, to pass an ordinary resolution authorizing the adoption of a stock option plan on the basis set out in the section of the accompanying management information circular titled “Particulars of Matters to be Acted Upon – Adoption of Stock Option Plan”.
5. To appoint the auditor of the Company for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditor.
6. To transact such other business as may properly come before the Meeting or any adjournment thereof.

This Notice is accompanied by the Company’s management information circular (the “**Information Circular**”) and a form of proxy for registered shareholders or a voting instruction form for beneficial shareholders. Shareholders are requested to read the Information Circular and, if unable to attend the Meeting in person, complete, date, sign and return the proxy or voting instruction form, as applicable, so that as large a representation as possible may be had at the Meeting.

The Board of Directors of the Company has fixed the close of business on Wednesday, November 22, 2017, as the record date, being the date for the determination of the registered holders of common shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof. The Board of Directors has also fixed 10:00 a.m. (Pacific time) on Tuesday, December 19, 2017, or no later than 48 hours before the time of any adjourned Meeting (excluding Saturdays, Sundays and holidays), as the time before which proxies to be used or acted upon at the Meeting or any adjournment thereof shall be deposited with the Company’s registrar and transfer agent, Computershare Investor Services Inc.

DATED at Vancouver, British Columbia, as of the 22<sup>nd</sup> day of November, 2017.

**BOREAL METALS CORP.**

By: “*Karl Antonius*”

**Karl Antonius, President and Chief Executive Officer**

**BOREAL METALS CORP.**  
**INFORMATION CIRCULAR**

The information contained in this Information Circular, unless otherwise indicated, is as of November 22, 2017.

This Information Circular is in respect of the annual general and special meeting (the “**Meeting**”) of the shareholders of **Boreal Metals Corp.** (the “**Company**”) to be held on Thursday, December 21, 2017, at the time and place set out in the accompanying Notice of Meeting. **This Information Circular is furnished in connection with the solicitation of proxies by management of the Company for use at the Meeting and any adjournment of the Meeting.** The Board of Directors of the Company (the “**Board**”) has fixed the close of business on Wednesday, November 22, 2017, as the record date (the “**Record Date**”), being the date for the determination of the registered holders of common shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

**PART 1 – PROXY INSTRUCTIONS**

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**MANAGEMENT SOLICITATION AND APPOINTMENT OF PROXIES**

The persons named in the form of proxy are nominees of the Company’s management. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act for and on the shareholder’s behalf at the Meeting other than the persons designated as proxyholders in the form of proxy.** To exercise this right, the shareholder must either:

- (a) on the form of proxy, strike out the printed names of the individuals specified as proxyholders and insert the name of the shareholder’s nominee in the blank space provided; or
- (b) complete another proper form of proxy.

To be valid, a proxy must be dated and signed by the shareholder or by the shareholder’s attorney authorized in writing. In the case of a corporation, the proxy must be signed by a duly authorized officer of or attorney for the corporation.

The completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed or a notarially certified copy of the power of attorney or other authority, must be delivered to Computershare Investor Services Inc. (“**Computershare**”), 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1; fax within North America: 1-866-2497775; fax outside North America: 416-263-9524; not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof. Computershare also offers voting via the Internet. Instructions for Internet voting can be found on the enclosed form of proxy or voting instruction form.

**REVOCABILITY OF PROXIES**

A shareholder who has given a proxy may revoke it at any time before the proxy is exercised:

- (a) by an instrument in writing that is:
  - (i) signed by the shareholder, the shareholder’s attorney authorized in writing or, where the shareholder is a corporation, a duly authorized officer or attorney of the corporation; and
  - (ii) delivered to Computershare or to the Company’s registered and records office at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 2Z7, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of the Meeting, or delivered to the Chairperson of the Meeting on the day of the Meeting or any adjournment of the Meeting before any vote on a matter in respect of which the proxy is to be used has been taken; or
- (b) in any other manner provided by law.

## EXERCISE OF DISCRETION BY PROXYHOLDERS

A shareholder may indicate the manner in which the persons named in the form of proxy are to vote with respect to a matter to be acted upon at the Meeting by marking the appropriate space. **If the instructions as to voting indicated in the proxy are certain, the shares represented by the proxy will be voted or withheld from voting on any ballot that may be called for in accordance with the instructions given in the proxy.**

**If the shareholder specifies a choice in the proxy with respect to a matter to be acted upon, then the shares represented will be voted or withheld from the vote on that matter accordingly. If no choice is specified in the proxy with respect to a matter to be acted upon, the proxy confers discretionary authority with respect to that matter upon the proxyholder named in the form of proxy. It is intended that the proxyholder named by management in the form of proxy will vote the shares represented by the proxy in favour of each matter identified in the proxy and for the nominees of the Company for directors and auditor.**

The form of proxy also confers discretionary authority upon the named proxyholder with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. As of the date of this Information Circular, management of the Company is not aware of any such amendments or variations, or any other matters that will be presented for action at the Meeting other than those set out herein and referred to in the Notice of Meeting. If, however, other matters that are not now known to management properly come before the Meeting, then the persons named in the form of proxy intend to vote on them in accordance with their best judgment.

## SOLICITATION OF PROXIES

It is expected that solicitations of proxies will be made primarily by mail and possibly supplemented by telephone or other personal contact by directors, officers, employees and consultants of the Company without special compensation. The Company will not reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the costs incurred in obtaining authorization to execute forms of proxy from their principals. The cost of solicitation will be borne by the Company.

## ADVICE TO NON-REGISTERED HOLDERS

Only registered holders of common shares of the Company or the persons they appoint as their proxyholders are permitted to vote at the Meeting. In many cases, however, common shares beneficially owned by a holder (a "**Non-Registered Holder**") are registered either:

- (a) in the name of an Intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (CDS)) of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as "NOBOs". Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as "OBOs".

Pursuant to National Instrument 54-101 ("**NI 54-101**") of the Canadian Securities Administrators, the Company is distributing copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly to Non-Registered Holders. The Company is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting. Intermediaries that receive the proxy-related materials are required to forward the proxy-related materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Intermediaries often use service companies to forward the proxy-related materials to Non-Registered Holders.

The Company will not be paying for Intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents. Accordingly, an OBO will not receive copies of the proxy-related materials and related documents unless the OBO's Intermediary assumes the costs of delivery.

Generally, Non-Registered Holders who have not waived the right to receive proxy-related materials (including OBOs who have made the necessary arrangements with their Intermediary for the payment of delivery and receipt of such proxy-related materials) will be sent a voting instruction form which must be completed, signed and returned by the Non-Registered Holder in accordance with the Intermediary's directions on the voting instruction form. In some cases, such Non-Registered Holders will instead be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of common shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. This form of proxy does not need to be signed by the Non-Registered Holder, but, to be used at the Meeting, needs to be properly completed and deposited with Computershare as described under "Solicitation of Proxies".

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the common shares that they beneficially own. Should a Non-Registered Holder wish to attend and 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 insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies, including instructions regarding when and where the voting instruction form or Proxy form is to be delivered.

## **PART 2 - VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

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The Company has only one class of shares entitled to be voted at the Meeting, namely, common shares without par value (each a "Share"). All issued Shares are entitled to be voted at the Meeting and each has one vote. As of November 22, 2017, there were 51,590,714 Shares issued and outstanding.

Only shareholders of record on Wednesday, November 22, 2017, will be entitled to vote at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, except as follows, no person beneficially owns, or exercises control or direction, directly or indirectly, over Shares carrying 10% or more of the voting rights attached to all outstanding Shares of the Company which have the right to vote in all circumstances:

<b>Name</b>	<b>Number of Shares Held</b>	<b>Percentage of Total Shares Issued</b>
EMX Royalty Corporation	9,205,882	17.84%

## **PART 3 - THE BUSINESS OF THE MEETING**

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### **CONSOLIDATED FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Company for the year ended December 31, 2016, will be placed before you at the Meeting. These consolidated financial statements and management's discussion and analysis are available for review on SEDAR. See Part 8 "OTHER INFORMATION – Additional Information" below.

### **SETTING NUMBER OF DIRECTORS**

Management of the Company proposes that the number of directors of the Company be determined at five (5) for the ensuing year, subject to such increases as may be permitted by the Articles of the Company. Shareholders will therefore be asked to approve an ordinary resolution setting the number of directors at five (5) for the ensuing year.

### **ELECTION OF DIRECTORS**

The Company's Board proposes to nominate the persons named in the table below for election as directors of the Company. Each director elected will hold office until the next annual general meeting of the Company or until his successor is duly elected or appointed, unless the office is earlier vacated in accordance with the Articles of the Company or the *Business Corporations Act* (British Columbia) (the "Act") or he becomes disqualified to act as a director.

The following table sets out the names of management's nominees for election as directors, the jurisdiction in which each is ordinarily resident, the positions and offices which each presently holds with the Company, the period of

time for which each has been a director of the Company, the respective principal occupations or employments during the past five years (if such nominee is not presently a director who was elected to his present term of office by a vote of shareholders) and the number of Shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular.

<b>Name, Province/State and Country of Residence and Position with Company</b>	<b>Present Principal Occupation<sup>(1)(2)</sup></b>	<b>Director Since</b>	<b>Shares Owned</b>
<b>J. Patricio Varas</b> British Columbia, Canada <i>Director and Chairman</i>	Director of the Company since February 10, 2017; Director of Western Potash Corp., a Canadian mining company, from May 2008 to December 2016; Chief Executive Officer and President of Western Potash Corp. from September 2007 to December 2016	February 10, 2017	2,250,000
<b>Karl Antonius<sup>(3)</sup></b> British Columbia, Canada <i>President, CEO, and Director</i>	President and Chief Executive Officer of the Company; President of Antonius Capital Ltd. since March, 2013	March 29, 2016	5,277,236
<b>Jon Sherron<sup>(3)</sup></b> British Columbia, Canada <i>Director</i>	Vice President of EDI Inc., an investment company, since April, 2004	January 28, 2016	80,000
<b>Eric Jensen<sup>(3)</sup></b> Colorado, United States of America <i>Director</i>	General Manager, Exploration of EMX Royalty Corporation, a Canadian mining company, since May 2012	June 1, 2017	1,950,000
<b>David R. Reid</b> British Columbia, Canada <i>Proposed Director</i>	Lawyer; Partner of DLA Piper (Canada) LLP since March 2002	N/A	1,200,000

- (1) Information as to principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) Unless otherwise stated above, any nominee named above not elected at the last annual general meeting has held the principal occupation or employment indicated for at least five years.
- (3) Member of the Audit Committee.

The Company does not have an executive committee. The Company is required to have an audit committee whose members are indicated above. See also Part 6 “AUDIT COMMITTEE” below.

#### ***Corporate Cease Trade Orders or Bankruptcies***

Except as set about below, as at the date of this Information Circular, and within the last 10 years before the date of this Information Circular, no proposed director (or any of their personal holding companies) of the Company was a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days while that person was acting in the capacity as director, executive officer or chief financial officer; or
- (b) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation in each case for a period of 30 consecutive days, that was issued after the person ceased to be a director, chief executive officer or chief financial officer in the company and which resulted from an event that occurred while that person was acting in the capacity as director, executive officer or chief financial officer; or
- (c) is as at the date of this Information Circular or has been within 10 years before the date of this Information 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

- (d) has within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual.

The British Columbia Securities Commission (“**BCSC**”) issued a cease trade order against the Company on September 11, 2015 and the Ontario Securities Commission (“**OSC**”) issued a ceased trade order against the Company on September 28, 2015, for failure to file interim financial statements, management’s discussion and analysis and related certifications for the quarter ended June 30, 2015. The BCSC revoked its cease trade order on December 1, 2015. The OSC issued its revocation order on May 4, 2016. The Company was also subject to a reciprocal cease trade order by the Alberta Securities Commission (“**ASC**”) which was revoked at the time the OSC’s revocation order was issued. During the time of the OSC and ASC cease trade orders, Jon Sherron became a director on January 28, 2016 and Karl Antonius became a director on March 29, 2016.

The BCSC issued a cease trade order against Enfield Exploration Corp. (“**Enfield**”) on March 7, 2017 for failure to file interim financial statements, management’s discussion and analysis and related certifications for the interim period ended October 31, 2016. The cease trade order is reciprocal in Ontario. The cease trade order remains in effect. Jon Sherron is currently a director of Enfield and Karl Antonius was a director of Enfield when the cease trade order was issued. Karl Antonius resigned as a director of Enfield on April 19, 2017.

The BCSC issued a cease trade order against Voltaire Services Corp. (“**Voltaire**”) on March 7, 2016 for failure to file interim financial statements, management’s discussion and analysis and related certifications for the interim period ended December 31, 2015. The cease trade order remains in effect. Karl Antonius was a director and officer of Voltaire when the cease trade order issued. Karl Antonius resigned as a director and officer of Voltaire on July 5, 2017.

Further, no director, executive officer, promoter or other member of management of Boreal has within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

### ***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 interest 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 will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Except as disclosed in this Information Circular, to the Company’s knowledge, there are no known existing or potential conflicts of interest among the Company and its promoters, directors, officers or other members of management as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management now or may in the future serve as directors, officers, promoters and members of management of other public companies, some of which are or may be involved in the exploration and development of natural resources, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of the Company and their duties as a director, officer, promoter or member of management of such other companies.

### **ADOPTION OF STOCK OPTION PLAN**

See Part 8 “PARTICULARS OF MATTERS TO BE ACTED UPON – Adoption of Stock Option Plan” below.

### **APPOINTMENT OF THE AUDITOR**

Adam Sung Kim Ltd., Chartered Professional Accountant, is the current auditor of the Company. See Part 6 “AUDIT COMMITTEE – External Auditor Service Fees”. The Board appointed Adam Sung Kim Ltd. on April 6, 2016.

At the Meeting, shareholders will be asked to consider, and if deemed advisable, to pass the following resolution with respect to the appointment of auditor for the Company:

“RESOLVED, as an ordinary resolution, THAT that Adam Sung Kim Ltd., Chartered Professional Accountant, be appointed as the Company’s auditor for the ensuing year, at a remuneration to be fixed by the Board of Directors.”

**Unless such authority is withheld, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Adam Sung Kim Ltd., Chartered Professional Accountant, to serve as auditor of the Company until the next annual general meeting of the Company’s shareholders and to authorize the Board to fix the remuneration to be paid to the auditor.**

#### **PART 4 – EXECUTIVE COMPENSATION**

The Company is a venture issuer and is disclosing its executive compensation in accordance with Form 51-102F6V.

The following persons are considered the “Named Executive Officers” or “NEOs” for the purposes of this disclosure:

- (a) the Company’s Chief Executive Officer (“CEO”);
- (b) the Company’s Chief Financial Officer (“CFO”);
- (c) each of the Company’s 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 as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for the December 31, 2016 financial year end; and
- (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity as at December 31, 2016.

#### ***Director and Named Executive Officer Compensation, excluding Compensation Securities***

The following table provides a summary of compensation paid or accrued, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each Named Executive Officer and director of the Company during the Company’s two most recent financial years ended December 31, 2015 and 2016.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and Position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees<sup>(1)</sup> (\$)</b>	<b>Value of perquisites<sup>(2)</sup> (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Karl Antonius, Director, President and CEO	2016	Nil	N/A	N/A	N/A	N/A	Nil
	2015	Nil	N/A	N/A	N/A	N/A	Nil
Jon Sherron, Director and President <sup>(3)</sup>	2016	Nil	N/A	N/A	N/A	N/A	Nil
	2015	Nil	N/A	N/A	N/A	N/A	Nil
Dennis Mee, Director, President and CFO <sup>(4)</sup>	2016	Nil	N/A	N/A	N/A	N/A	Nil
	2015	Nil	N/A	N/A	N/A	N/A	Nil

- (1) There is no standard meeting fee or committee fee for attendance at Board meetings or for service on committees.
- (2) The value of perquisites and benefits, if any, was less than \$15,000.
- (3) Mr. Jon Sherron was a director of the Company from January 28, 2016. Mr. Sherron was also President of the Company from January 28, 2016 until April 21, 2016.
- (4) Mr. Dennis Mee was CFO, President and a director of the Company until January 28, 2016, and was reappointed as CFO and a director of the Company from April 21, 2016 until February 11, 2017.

### ***Stock Options and Other Compensation Securities***

No compensation securities including stock options were granted or issued during the most recently completed financial year ended December 31, 2016, to the Named Executive Officers or directors nor were any compensation securities exercised by the Named Executive Officers or directors during the most recently completed financial year ended December 31, 2016.

### ***Stock Options plans and other incentive plans***

As at the end of its most recently completed financial year ended December 31, 2016, the Company did not have in place a stock option plan or any other incentive plan. At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution authorizing the adoption by the Company of a stock option plan. See “PARTICULARS OF MATTERS TO BE ACTED UPON – Adoption of Stock Option Plan”.

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

None of the Named Executive Officers or directors of the Company entered into any employment, consulting or management agreements with the Company. The Named Executive Officers who received compensation did so under verbal agreements with the Company.

### ***Oversight and description of director and Named Executive Officer Compensation***

The Board determines director compensation from time to time. Directors are not generally compensated in their capacities as directors.

The Board determines executive compensation from time to time. The Company does not have a formal compensation policy. The main objectives the Company hopes to achieve through its compensation are to attract and retain executives critical to the Company’s success, who will be key in helping the Company achieve its corporate objectives and increase shareholder value. The Company looks at industry standards and the economic position of the Company when compensating its executive officers.

## **PART 5 – SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

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The following table sets out equity compensation plan information as at the financial year ended December 31, 2016:

<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))<sup>(1)</sup> (c)</b>
Equity compensation plans approved by security holders	None	N/A	N/A
Equity compensation plans not approved by security holders	None	N/A	N/A

## **PART 6 – AUDIT COMMITTEE**

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National Instrument 52-110 *Audit Committees* (“NI 52-110”) requires the Company to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its external auditor as set forth below.

### **1. The Audit Committee Charter**

The Company does not have an audit committee charter.

## 2. Composition of Audit Committee

The current members of the audit committee are Karl Antonius, Jon Sherron and Eric Jensen. Eric Jensen is considered “independent” as he is not currently, nor has he been within the last three years, an officer of the Company. All of the members of the audit committee are considered “financially literate”.

For the purposes of NI 52-110, a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment. An individual is “financially literate” if he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

## 3. Relevant Education and Experience

All of the audit committee members are businessmen with experience in financial matters; each has an understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavor.

## 4. Audit Committee Oversight

Since the commencement of the Company’s financial year ended December 31, 2016, the Board has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

## 5. Reliance on Certain Exemptions

Since the commencement of the Company’s financial year ended December 31, 2016, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the financial year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

## 6. Pre-Approval Policies and Procedures

The audit committee is authorized by the Board to review the performance of the Company’s external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company.

## 7. External Audit Service Fees (By Category)

In the following table, “audit fees” are fees billed by the Company’s external auditor for services provided in auditing the Company’s annual financial statements for the subject year. “Audit-related fees” are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements. “Tax fees” are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its external auditors for services rendered to the Company in each of the last two financial years, by category, are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2016	\$3,800.00	Nil	Nil	Nil
December 31, 2015	\$3,000.00	Nil	Nil	Nil

## 8. Exemption

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

## **PART 7 – CORPORATE GOVERNANCE**

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Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Company.

National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines, which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted.

National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) also requires the Company to disclose annually in its Information Circular certain information concerning its corporate governance practices. As a “venture company”, the Company is required to make such disclosure with reference to the requirements of Form 58-101F2, which disclosure is set forth below.

### 1. Board of Directors

NP 58-201 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110.

The Board is currently composed of four directors. The independent status of each individual director is reviewed annually by the Board. The Board considers a director to be independent if he has no direct or indirect material relationship with the Company which, in the view of the Board, could reasonably be perceived to materially interfere with the exercise of the director’s independent judgment. The Board has determined that Eric Jensen is independent, as he is not currently, nor has he been within the last three years, an officer of the Company. The Company plans to appoint further directors to increase independence on the Board. Appointments will be made considering the principal activities the Company undertakes in the future.

### 2. Directorships

As of the date of this Information Circular, the directors of the Company are currently directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows.

<b>Name of Director</b>	<b>Name of Other Reporting Issuer</b>
Jon Sherron	Enfield Exploration Corp. Green 2 Blue Energy Corp. (formerly Brigade Resource Corp.)
J. Patricio Varas	Aztec Minerals Corp. Equitorial Exploration Corp.

The above information has been provided by the directors and has not been independently verified by the Company.

### **3. Orientation and Continuing Education**

There is no formal orientation or training program for new members of the Board, and the Board considers this to be appropriate given the Company's size and current limited operations.

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing policies and have the opportunity to become familiar with the Company by meeting with the other directors and with the executive officers. Orientation activities are tailored to the particular needs and experience of each director and the overall needs of the Board.

The skills and knowledge of the Board as a whole is such that the Board believes no formal continuing education process is currently required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records.

### **4. Ethical Business Conduct**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives. The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges but, to date, the Board has not adopted a formal written code of business conduct and ethics.

The Board is of the view that the fiduciary duties placed on individual directors by the Company's governing corporate and securities legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, are sufficient, at present, to ensure that the Board operates independently of management and in the best interests of the Company and its shareholders. In addition, the current limited size of the Company's operations and the small number of officers and consultants allow the independent members of the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal code of business conduct and ethics.

### **5. Nomination of Directors**

Given its current size and stage of development, the Board has not appointed a nominating committee and these functions are currently performed by the Board as a whole. Nominees are generally the result of recruitment efforts by Board members and recommendations made by management and shareholders. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors.

### **6. Compensation**

At this time, the Company does not believe its size and limited scope of operations requires a formal compensation committee. The Board as a whole is responsible for determining all forms of compensation (including long-term incentive in the form of stock options) to be granted to the Company's executive officers and to the directors to ensure such arrangements reflect the responsibilities and risks associated with each position.

When determining the compensation of its executive officers in the future, the Board will consider: i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of management and the Company's shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general. In order to achieve these objectives, it is the Board's intention that compensation paid to its executive officers should consist of three components: i) base fee or salary; ii) discretionary annual bonus; and iii) long-term incentive in the form of stock options. See Part 4 "EXECUTIVE COMPENSATION – Compensation Discussion and Analysis" above.

## 7. Other Board Committees

At the present time, the Board has appointed only an audit committee.

### *Audit Committee*

The audit committee will meet with the Chief Executive Officer of the Company and the independent auditors to review and inquire into matters affecting financial reporting, the system of internal accounting and financial controls and procedures and the audit procedures and audit plans. The audit committee will also recommend to the Board the auditors to be appointed, subject to shareholder approval. In addition, the audit committee will review and recommend to the Board for approval the annual financial statements and certain other documents required by regulatory authorities.

The chair of the audit committee will be generally responsible for overseeing the audit committee in its responsibilities. The chair's duties and responsibilities will include presiding at each meeting of the audit committee, referring specific matters to the Board in the case of a deadlock on any matter or vote, receiving and responding to all requests for information from the Company or the independent auditors, leading the audit committee in discharging its tasks and reporting to the Board on the activities of the audit committee.

For further information regarding the mandate of the audit committee, its specific authority, duties and responsibilities, see Part 6 "AUDIT COMMITTEE" above.

As the Company grows, and its operations and management structure become more complex, the Board may find it appropriate to constitute formal standing committees, such as a Corporate Governance Committee, Compensation Committee and Nominating Committee, and to ensure that such committees are governed by written charters and are composed of at least a majority of independent directors.

## 8. Assessments

The Board has not implemented a process for assessing its effectiveness. As a result of the Company's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

The Board also monitors but does not formally assess the performance or contribution of individual Board members or committee members.

## **PART 8 – PARTICULARS OF MATTERS TO BE ACTED UPON**

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### **ADOPTION OF STOCK OPTION PLAN**

The Board proposes to adopt a stock option plan (the "**Stock Option Plan**"), subject to shareholder and regulatory approval, pursuant to Policy 4.4 – *Incentive Stock Options* ("**Policy 4.4**") of the TSX Venture Exchange (the "**TSX-V**").

The Board is proposing a "rolling" stock option plan that allows for the issuance of up to 10% of the Company's issued and outstanding common shares at any given time. The Stock Option Plan will provide an incentive to directors, officers, employees and consultants to continue their involvement with the Company and to increase their efforts on the Company's behalf by granting them the opportunity to participate in the growth of the Company. The intention of granting options to such individuals is to align the interests of such persons with that of the Company.

Pursuant to the Stock Option Plan, options will be exercisable over periods of up to 10 years as determined by the Board and are required to have an exercise price no less than the closing price of the Company's shares traded on the TSX-V on the date preceding the date of grant, less any discount permitted by the TSX-V. The maximum number of common shares which may be issued pursuant to options previously granted and those granted under the Stock Option Plan will be 10% of the issued and outstanding common shares of the Company at the time of grant.

Additionally, the Company shall not grant options:

- 1) to any one person in any 12 month period which could, when exercised, result in the issuance of Shares exceeding five percent (5%) of the issued and outstanding Shares of the Company unless the Company has obtained the requisite disinterested shareholder approval to the grant; or
- 2) to any one consultant in any 12 month period which could, when exercised, result in the issuance of Shares exceeding 2% of the issued and outstanding Shares of the Company; or
- 3) in any 12 month period, to persons employed or engaged by the Company to perform investor relations activities which could, when exercised, result in the issuance of Shares exceeding, in aggregate, 2% of the issued and outstanding Shares of the Company.

Under the Stock Option Plan, if an option holder ceases to be a director of the Company, ceases to be employed by the Company, or ceases to be a consultant of the Company, as the case may be (in each case, other than by reason of disability, death or for cause), then the option granted shall expire no later than the 90<sup>th</sup> day following the date that the option holder ceases to be a director, ceases to be employed by the Company or ceases to be a consultant of the Company, subject to the terms and conditions set out in the Stock Option Plan. In the event of termination for cause, the option granted shall expire on the date of such termination, subject to the terms and conditions of the Stock Option Plan. In the case of termination in the event of disability or death, such option granted shall expire upon the earlier of one year following the date of termination and the original expiry date of the option.

The Stock Option Plan must be approved by a majority of the votes cast by the shareholders and the subsequent approval by the TSX-V.

The full text of the proposed Stock Option Plan is appended to this Information Circular as Schedule “A” and will be available for review at the Meeting. At the Meeting, shareholders will be asked to pass the following resolution:

“RESOLVED that the Stock Option Plan is hereby approved and confirmed and the directors and officers of the Company be authorized and directed to perform such acts and deeds and things and execute all such documents, agreements and other writings as may be required to give effect to the true intent of this resolution.”

## **PART 9 – OTHER INFORMATION**

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### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

#### *Aggregate Indebtedness*

No individual who is, or at any time during the most recently completed financial year of the Company was, a director or officer of the Company, no proposed nominee for election as a director of the Company, and no associate of any one of them is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to the Company or any of its subsidiaries (other than in respect of amounts which would constitute routine indebtedness) or to another entity (where such indebtedness to such other entity is, or was at any time during the most recently completed financial year of the Company, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries).

#### *Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs*

As of the date hereof, there is no indebtedness owing to the Company, any of its subsidiaries or any other entity (where such indebtedness to such other entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries) in connection with the purchase of securities or otherwise by any current or former executive officers, directors or employees of the Company or any of its subsidiaries.

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

Other than disclosed elsewhere in this Information Circular, no informed person (as defined below), proposed nominee for election as a director, or any associate or affiliate of any informed person or proposed nominee, has had a material interest, direct or indirect, in any transaction with the Company or any of its subsidiaries or in any

proposed transaction since the beginning of the last completed financial year that has materially affected or would materially affect the Company or any of its subsidiaries.

For the above purposes, “informed person” means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON AT THE MEETING**

None of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company’s last completed financial year, none of the other insiders of the Company and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting (other than the election of the directors and the appointment of auditors).

#### **MANAGEMENT CONTRACTS**

The management functions of the Company are performed by its directors and executive officers and the Company has no management agreements or arrangements under which such management functions are performed by persons other than the directors and executive officers of the Company or private companies controlled by such directors and executive officers. See Part 4 “EXECUTIVE COMPENSATION” for details of the fees paid to the Company’s Named Executive Officers and directors.

#### **OTHER MATTERS**

Management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies this Information Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

#### **OTHER MATERIAL FACTS**

There are no other material facts other than as disclosed herein.

#### **ADDITIONAL INFORMATION**

Financial information about the Company is provided in its consolidated financial statements and Management’s Discussion and Analysis for the financial year ended December 31, 2016. You may obtain copies of such documents without charge upon request to us at Suite 340 - 233 West 1<sup>st</sup> Street, North Vancouver, British Columbia, V7M 1B3. You may also access such documents, together with the Company’s additional disclosure documents, through the Internet on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

#### **BOARD APPROVAL**

The Board has approved the contents and the delivery of the Information Circular to its shareholders.

DATED at Vancouver, British Columbia, as of the 22<sup>nd</sup> day of November, 2017.

#### **BOREAL METALS CORP.**

By: “*Karl Antonius*”

**Karl Antonius, President and Chief Executive Officer**

**Schedule "A"**  
**Stock Option Plan**

**BOREAL METALS CORP.  
STOCK OPTION PLAN  
(2017)**

**1. INTERPRETATION**

1.1 **Defined Term** - For the purposes of this Plan, the following terms shall have the following meanings:

- (a) **“Associate”** shall have the meaning ascribed to such term in the British Columbia *Securities Act*, as amended from time to time;
- (b) **“Board”** means the Board of Directors of the Company;
- (c) **“Change in Control”** means:
  - (i) a takeover bid (as defined in the British Columbia *Securities Act*), pursuant to which the offeror or any one acting jointly or in concert takes up and pays for Shares of the Company and, as a result of such take up and payment, the offeror holds in the aggregate more than 50% of the outstanding Shares immediately upon completion of the takeover bid;
  - (ii) a change of control of the Board resulting from the election by the shareholders of the Company of less than a majority of the persons nominated for election by management of the Company;
  - (iii) the sale of all or substantially all the assets of the Company;
  - (iv) the sale, exchange or other disposition of a majority of the outstanding Shares of the Company in a single transaction or a series of related transactions;
  - (v) the dissolution of the Company’s business or the liquidation of its assets;
  - (vi) a merger, amalgamation or arrangement of the Company in a transaction or series of transactions in which the Company’s shareholders receive less than a majority of the outstanding shares of the new or continuing Company; or
  - (vii) the acquisition, directly or indirectly, through one transaction or a series of transactions, by any Person, of an aggregate of more than 50% of the outstanding Shares;
- (d) **“Committee”** means the Compensation Committee appointed by the Board, or if no such committee is appointed, the Board itself;

- (e) **“Company”** means Boreal Metals Corp., a corporation incorporated under the laws of the Province of British Columbia;
- (f) **“Date of Grant”** means the date on which a grant of an Option is effective;
- (g) **“Disability”** means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months which causes an individual to be unable to engage in any substantial gainful activity;
- (h) **“Disinterested Shareholder Approval”** means an ordinary resolution approved at a shareholders meeting by a majority of the votes cast by:
  - (i) the holders of the issued and outstanding Shares; and
  - (ii) the holders of any securities of the Company, other than the Shares, which have a residual right to share in the earnings of the Company and in its assets upon liquidation or winding-up (**“Restricted Securities”**),  
  
on a basis proportionate to their respective residual equity interests in the Company, excluding votes attaching to the Shares and the Restricted Securities beneficially owned by Insiders to whom Options may be issued and Associates of those persons;
- (i) **“Effective Date”** means the effective date of this Plan as set out in Section 16 hereof;
- (j) **“Guardian”** means the guardian, if any, appointed for an Optionee;
- (k) **“Insider”** shall have the meaning ascribed to such term in the *British Columbia Securities Act*, as amended from time to time;
- (l) **“Market Price”** means:
  - (i) where the Shares are listed for trading on the TSX-V, the last closing price of the Shares on the TSX-V immediately prior to the time of the grant of an Option;
  - (ii) where the Shares are suspended from or are not listed for trading on the TSX-V but are listed for trading on another stock exchange or over the counter market, the closing price of the Shares on the stock exchange or over the counter market which is the principal trading market for the Company’s Shares, as may be determined for such purpose by the Committee; or
  - (iii) where the Company is a reporting issuer, but the Shares are not listed for trading on a stock exchange or over the counter market, or where the

Company is not a reporting issuer, the value which is determined by the Committee to be the fair value of the Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arm's length;

- (m) **“Option”** means an option to purchase Shares granted pursuant to the terms of this Plan;
- (n) **“Option Certificate”** means the certificate to be entered into between the Company and an Optionee, specifying the terms of the Option being granted to the Optionee under the Plan;
- (o) **“Option Price”** means the exercise per Share for an Option which shall be expressed in Canadian funds or in the United States dollar equivalent thereof;
- (p) **“Optionee”** means a person to whom an Option has been granted;
- (q) **“Person”** means a natural person, company, government, or political subdivision or agency of a government; and where two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a Person;
- (r) **“Plan”** means this Stock Option Plan of the Company;
- (s) **“Qualified Successor”** means a person who is entitled to ownership of an Option upon the death of an Optionee, pursuant to a will or the applicable laws of descent and distribution upon death;
- (t) **“Related Entity”** means, for an issuer or person, a Person that controls or is controlled by the issuer or person or that is controlled by the same Person that controls the issuer;
- (u) **“Reorganization”** means any statutory merger, plan of arrangement, statutory consolidation, statutory compulsory acquisition, sale of all or substantially all of the assets of the Company, or sale, pursuant to an agreement with the Company, of securities of the Company;
- (v) **“Restricted Securities”** has the meaning set out in subsection 1.1(h) hereof;
- (w) **“Shareholder Approval”** means approval by the affirmative votes of the holders of a majority of the voting securities of the Company present, or represented, and entitled to vote at a meeting duly held in accordance with applicable corporate laws;

- (x) “**Shares**” means the common shares without par value in the capital of the Company;
- (y) “**Term**” means the period of time during which an Option may be exercised; and
- (z) “**TSX-V**” means the TSX Venture Exchange.

## 2. STATEMENT OF PURPOSE

- 2.1 **Principal Purposes** - The principal purposes of the Plan are to provide the Company with the advantages of the incentive inherent in share ownership on the part of employees, officers, directors, and consultants responsible for the continued success of the Company; to create in such individuals a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage such individuals to remain with the Company; and to attract new employees, officers, directors and consultants to the Company.
- 2.2 **Benefit to Shareholders** - The Plan is expected to benefit shareholders by enabling the Company to attract and retain personnel of the highest caliber by offering such personnel an opportunity to share in any increase in value of the Shares resulting from their efforts.

## 3. ADMINISTRATION

- 3.1 **Board or Committee** - Subject to the direction of the Board, the Plan shall be administered by the Committee.
- 3.2 **Committee** - The Committee shall administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. The Committee shall continue to serve until otherwise directed by the Board.
- 3.3 **Quorum and Voting** - A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Section 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. No member of the Committee who is a director to whom an Option may be granted may participate in the decision to grant such Option (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee in which action is taken with respect to the granting of an Option to him or her).
- 3.4 **Powers of Committee** - The Committee shall have the authority to review the following matters in relation to the Plan and to make recommendations on such matters to the Board:
  - (a) administration of the Plan in accordance with its terms;
  - (b) determination of all questions arising in connection with the administration, interpretation, and application of the Plan, including all questions relating to the value of the Shares;

- (c) correction of any defect, supply of any information or reconciliation of any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (d) prescription, amendment and rescission of the rules and regulations relating to the administration of the Plan;
- (e) determination of the duration and purpose of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of the Plan;
- (f) with respect to the granting of Options:
  - (i) determination of the employees, officers, directors or consultants of the Company or a Related Entity of the Company, any Related Entity of such persons, and individuals employed by a Person providing management services to the Company, to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
  - (ii) determination of the terms and provisions of the Option Certificate which shall be entered into with each Optionee (which need not be identical with the terms of any other Option Certificate);
  - (iii) amendment of the terms and provisions of an Option Certificate, provided the Committee obtains:
    - (A) the consent of the Optionee; and
    - (B) the approval of any stock exchange on which the Company is listed, where required;
  - (iv) determination of when Options shall be granted;
  - (v) determination of the number of Shares subject to each Option;
  - (vi) determination of the vesting schedule, if any, for the exercise of any Option; and
- (g) all other determinations necessary or advisable for administration of the Plan.

3.5 **Approvals** - The Company will use its best efforts to obtain any regulatory or shareholder approvals which may be required pursuant to applicable securities laws or the rules of any stock exchange or over the counter market on which the Shares are listed.

3.6 **Administration by Committee** - The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan. In addition, the Committee's

administration of the Plan shall in all respects be consistent with the policies and rules of any stock exchange or over the counter market on which the Shares are listed.

#### **4. ELIGIBILITY**

4.1 **Eligibility for Options** - Options may be granted to any employee, officer, director or consultant of the Company or a Related Entity of the Company, to a Related Entity of such persons, and to an individual employed by a Person providing management services to the Company.

4.2 **Limitation** - The grant of Options under the Plan is subject to the following limitations:

(a) the aggregate number of Shares issuable to Insiders at any time; and

(b) the aggregate number of Options granted to Insiders within any one year period,

under the Plan, or when combined with all of the Company's other security based compensation arrangements, cannot exceed 10% of the issued and outstanding Shares;

(c) the aggregate number of Options granted to any one Person (including entities that are wholly-owned by that Person) within any one year period, under the Plan, or when combined with all of the Company's other security based compensation arrangements, cannot exceed 5% of the issued and outstanding Shares;

(d) the aggregate number of Options granted to any one Consultant (within the meaning of TSX-V policies) within any one year period, under the Plan, or when combined with all of the Company's other security based compensation arrangements, cannot exceed 2% of the issued and outstanding Shares; and

(e) the aggregate number of Options granted to all Persons retained to provide Investor Relations Activities (within the meaning of TSX-V policies), within any one year period, under the Plan, or when combined with all of the Company's other security based compensation arrangements, cannot exceed 2% of the issued and outstanding Shares.

4.3 **No Violation of Securities Laws** - No Option shall be granted to any Optionee unless the Committee has determined that the grant of such Option and the exercise thereof by the Optionee will not violate the securities law of the jurisdiction in which the Company and the Optionee reside.

#### **5. SHARES SUBJECT TO THE PLAN**

5.1 **Number of Shares** - The Board, based on recommendations by the Committee, may grant Options under the Plan from time to time to purchase an aggregate of up to a maximum of 10% of the number of Shares which are issued and outstanding on a rolling basis as at the Date of Grant of any Option. Such maximum number of Shares issuable under the Plan shall be made available from authorized, but unissued, Shares. The

maximum number of Shares issuable under the Plan shall be adjusted, where necessary, to take account of the events referred to in Section 10 hereof.

- 5.2 **Expiry of Option** - If an Option expires or terminates for any reason without having been exercised in full, the unpurchased Shares subject thereto shall again be available for the purposes of the Plan.
- 5.3 **Reservation of Shares** - The Company will at all times reserve for issuance and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.
- 5.4 **Grants of Other Options to Purchase Shares** - Neither the existence of this Plan nor any provision contained in it shall be interpreted as restricting the powers of the Board to, in its discretion, grant options to purchase Shares outside of the Plan.

## 6. **OPTION TERMS**

- 6.1 **Option Certificate** - With respect to each Option to be granted to an Optionee, the following terms shall be specified in the Option Certificate between the Company and the Optionee:
- (a) the number of Shares subject to purchase pursuant to such Option;
  - (b) the Date of Grant;
  - (c) the Term;
  - (d) the Option Price, provided that the Option Price shall not be less than the Market Price of the Shares on the Date of Grant;
  - (e) subject to Section 6.2 below, any vesting schedule upon which the exercise of an Option is contingent; and
  - (f) such other terms and conditions as the Committee deems advisable and are consistent with the purposes of this Plan, including the process for any “cashless exercise” feature.
- 6.2 **Vesting Schedule** - The Board, taking into account the recommendations of the Committee, shall have complete discretion to set or vary the terms of any vesting schedule for each Option granted, including, without limitation, discretion to:
- (a) allow full and immediate vesting upon the grant of such Option;
  - (b) permit partial vesting in stated percentage amounts based on the length of the Term of such Option; and
  - (c) permit full vesting after a stated period of time has passed from the Date of Grant.

6.3 **Amendments to Options** - Amendments to the terms of previously granted Options are subject to regulatory approval, if required. In particular, if required by the TSX-V, Disinterested Shareholder Approval shall be required for:

- (a) a reduction in the Option Price; or
- (b) an extension of the Term,

of a previously granted Option if the Optionee is an Insider of the Company or an Associate of an Insider at the time of the proposed amendment. In this event, only the Insider whose Option is being amended and such Insider's Associates shall be required to abstain from voting in relation to the Disinterested Shareholder Approval.

6.4 **Uniformity** - Except as expressly provided herein, nothing contained in this Plan shall require that the terms and conditions of Options granted under the Plan be uniform.

6.5 **Amendment of Expiration of Term of Option During Blackout Period** - Notwithstanding the provisions of subsection 6.1(c) or the date of expiration of the Term of an Option determined in accordance with this Plan ("**Fixed Term**"), the date of expiration of the Term of an Option will be adjusted, without being subject to Board or Committee discretion, to take into account any blackout period imposed on the Optionee by the Company as follows: if the Fixed Term expiration date falls within a blackout period imposed on the Optionee by the Company or falls within 10 business days after the end of such blackout period, then the Fixed Term expiration date is to the close of business on the 10<sup>th</sup> business day after the end of such blackout period.

## 7. **EXERCISE OF OPTION**

7.1 **Method of Exercise** - Subject to any limitations or conditions imposed upon an Optionee pursuant to the Option Certificate or Section 6 hereof, an Optionee may exercise an Option by giving written notice thereof to the Company at its principal place of business.

7.2 **Compliance with U.S. Securities Laws** - As a condition to the exercise of an Option, the Committee may require the Optionee to represent and warrant in writing at the time of such exercise that the Shares are being purchased only for investment and without any then-present intention to sell or distribute such Shares. A stop-transfer order against such Shares may be placed on the stock books and records of the Company, and a legend, indicating that the stock may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided stating that such transfer is not in violation of any applicable United States federal and state securities laws, may be endorsed on the certificates representing such Shares in order to assure an exemption from registration. The Committee also may require such other documentation as may from time to time be necessary to comply with United States federal and state securities laws. The Company has no obligation to undertake registration of Options or the Shares issuable upon the exercise of the Options.

- 7.3 **Payment of Option Price** - The notice described in Section 7.1 shall be accompanied by full payment of the aggregate Option Price to the extent the Option is so exercised, unless a cashless exercise option is indicated in the notice. Such payment (unless a cashless exercise is chosen) shall be in lawful money (Canadian funds) by cheque, wire transfer or bank order.
- 7.4 **Issuance of Certificates** – As soon as practicable after exercise of an Option in accordance with Sections 7.1 and 7.3 hereof, the Company shall issue a certificate or certificates evidencing the Shares with respect to which the Option has been exercised. Until the issuance of such certificate or certificates, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the certificate is issued, except as provided by Section 10 hereof.
- 7.5 **Withholding Taxes** - The Company shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the Optionee to the Company, of any taxes or other required source deductions which the Company is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Shares. Without limiting the generality of the foregoing, the Company may, in its sole discretion:
- (a) deduct and withhold additional amounts from other amounts payable to a Optionee;
  - (b) require, as a condition of the issuance of Shares to an Optionee that the Optionee make a cash payment to the Company equal to the amount, in the Company’s opinion, required to be withheld and remitted by the Company for the account of the Optionee to the appropriate governmental authority and the Company, in its discretion, may withhold the issuance or delivery of Shares until the Optionee makes such payment; or
  - (c) sell, on behalf of the Optionee, all or any portion of Shares otherwise deliverable to the Optionee until the net proceeds of sale equal or exceed the amount which, in the Company’s opinion, would satisfy any and all withholding taxes and other source deductions for the account of the Optionee.

## **8. TRANSFERABILITY OF OPTIONS**

- 8.1 **Non-Transferable** - Except as provided otherwise in this Section 8 or by applicable securities laws, Options are non-assignable and non-transferable.
- 8.2 **Death of Optionee** - If an employee, officer, director or consultant of the Company or a Related Entity of the Company holding an Option directly, or indirectly through a Related Entity of such person, or an individual employed by a Person providing management services to the Company holding an Option dies, any Options held by such person or

Related Entity of such person shall pass to the Qualified Successor of the Optionee, and shall be exercisable by the Qualified Successor until the earlier of one year following the date of death of such person and the expiry of the Term of the Option.

- 8.3 **Disability of Optionee** - If the employment of an employee or consultant of the Company or a Related Entity of the Company holding an Option directly, or indirectly through a Related Entity of such person, the employment of an individual employed by a Person providing management services to the Company holding an Option, or the position of a director or officer of the Company or a Related Entity of the Company holding an Option directly, or indirectly through a Related Entity of such person, is terminated by the Company or a Related Entity of the Company by reason of such person's Disability, any Options held by such person or Related Entity of such person that could have been exercised immediately prior to such termination of service shall be exercisable by such Optionee, or by his Guardian, until the earlier of one year following the date of termination of service of such person and the expiry of the Term of the Option.
- 8.4 **Continuance of Vesting** - Under this Section 8, options held by a Qualified Successor or exercisable by a Guardian shall, during the period prior to the expiry of the Term of the Option, continue to vest in accordance with any vesting schedule to which such Options are subject, but no acceleration of such vesting shall occur (except if such acceleration is specifically authorized by the Board, taking into account any recommendation of the Committee).
- 8.5 **Deemed Non-Interruption of Employment** - Subject to any determination in writing by the Committee under subsection 3.4(e), employment shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence, if the period of such leave did not exceed 90 days or, if longer, for so long as the Optionee's right to reemployment with the Company or any Related Entity is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Optionee's re-employment is not so guaranteed, then his or her employment shall be deemed to have terminated on the 91<sup>st</sup> day of such leave, unless otherwise notified in writing by the Committee.

## 9. TERMINATION OF OPTIONS

- 9.1 **Termination of Options** - To the extent not earlier exercised or terminated in accordance with section 8 above, an Option shall terminate at the earliest of the following dates:
- (a) the termination date specified for such Option in the Option Certificate;
  - (b) where an employee, officer, director or consultant of the Company or a Related Entity of the Company, holding an Option directly, or indirectly through a Related Entity of such person, or an individual employed by a Person providing management services to the Company holding an Option is terminated for cause, the date of such termination for cause or such later date determined by the Board which can be no later than the expiry date of the Term of the Option;

- (c) where an employee, officer, director or consultant of the Company or a Related Entity of the Company holding an Option directly, or indirectly through a Related Entity of such person, or an individual employed by a Person providing management services to the Company holding an Option is terminated for a reason other than such person's Disability, death, or termination for cause, the earlier of 90 days after such date of termination and the expiry date of the Term of the Option, or such later date determined by the Board which shall not be later than the expiry date of the Term of the Option; and
- (d) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Option in violation of Section 8.1 above.

9.2 **No Acceleration of Vesting** - For greater certainty, in the event of termination of an Option under subsections 9.1(b), (c) or (d) above, unless otherwise set out in the Option Certificate for such Option or as otherwise determined by the Board (taking into account any recommendations of the Committee) at any time and subject to the Optionee's rights under sections 10.4 and 10.6:

- (a) there shall be no acceleration of the vesting period of any Option terminated under subsections 9.1(b), (c) or (d); and
- (b) the original vesting schedule of any Option which will be terminated under subsection 9.1(c) shall continue during the 90 day termination period referred to in subsection 9.1(c).

9.3 **Termination In Connection With Reorganization** - After the completion of a Reorganization described in Section 10.2, if an Optionee has received an Assumed Option or a Substituted Option (each as described in Section 10.2) and such Optionee's position is terminated in the circumstances described in subsection 9.1(c), the provisions of subsection 9.1(c) and the related provisions of Subsection 9.2 shall apply *mutatis mutandis* except that, if a longer period than the 90-day period set out in subsection 9.1(c) is provided for in the equivalent provisions of the stock option plan, agreement, certificate or other instrument governing the Assumed Option or Substituted Option, then such longer period shall apply.

9.4 **Lapsed Options** – If Options are surrendered, terminated or otherwise expire without being exercised in whole or in part, new Options may be granted covering the Shares not purchased under such Options, provided that the Company complies with the relevant rules of the TSX-V.

## 10. ADJUSTMENTS TO OPTIONS

10.1 **Alteration in Capital Structure** - If there is any material alteration in the capital structure of the Company through or by means of a declaration of stock dividends of the Shares or consolidations, subdivisions or reclassifications of the Shares, or otherwise, the number of

Shares available under the Plan, the Shares subject to any Option and the Option Price therefor shall be adjusted proportionately by the Board and, if required, approved by the TSX-V or any other stock exchange having authority over the Company or the Plan, and such adjustment shall be effective and binding for all purposes of the Plan.

10.2 **Corporate Reorganization Where Company is Acquired** - In the event of a Reorganization in which the Company is not the surviving or acquiring corporation, or in which the Company is or becomes a wholly-owned subsidiary of another corporation as a result of such Reorganization becoming effective, the acquiring corporation or entity shall be required to provide for:

- (a) the assumption of each Option granted under this Plan (“**Assumed Option**”); or
- (b) the substitution of another option of equivalent value therefor (“**Substituted Option**”); or
- (c) the distribution to each eligible Optionee of securities, property or cash of appropriate value (as determined by the Board),

such that the right to receive Shares on the exercise of an Option shall be converted into the right to receive such securities, property or cash which the Optionee would have received upon such Reorganization if the Optionee had exercised his Option immediately prior to the record date applicable to such Reorganization, and where applicable, the exercise price shall be adjusted proportionately by the Board and such adjustment shall be binding for all purposes of the Plan.

10.3 **Amalgamation, Merger or Arrangement Where the Company is Not Acquired** - If the Company amalgamates, merges or enters into a plan of arrangement with or into another corporation in circumstances other than as subscribed in section 10.2 above, the right to receive Shares on the exercise of an Option shall be converted into the right to receive such securities, property or cash which the Optionee would have received upon such amalgamation, merger or arrangement if the Optionee had exercised his Option immediately prior to the record date applicable to such amalgamation, merger or arrangement, and where applicable, the exercise price shall be adjusted proportionately by the Board and such adjustment shall be binding for all purposes of the Plan.

10.4 **Acceleration of Vesting on Change in Control** - Upon a Change in Control, all Options shall become immediately exercisable, notwithstanding any contingent vesting provisions to which such Options may have otherwise been subject. To the extent possible, the Committee or the Board shall give notice to Optionees not less than 30 days prior to the consummation of a Change in Control.

10.5 **Determinations to be Made** - Adjustments and determinations under this Section 10 shall be made by the Committee or the Board, whose decisions as to the adjustments or determinations which shall be made, and the extent thereof, shall be final, binding, and conclusive.

10.6 **Effect of a Takeover** - If a *bona fide* offer (the “**Offer**”) for Shares is made to an Optionee or to shareholders generally or to a class of shareholders which includes the Optionee, which Offer constitutes a takeover bid within the meaning of section 92 of the British Columbia *Securities Act*, as amended from time to time, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon any Option held by an Optionee may be exercised in whole or in part by the Optionee notwithstanding any contingent vesting provisions to which such Option may have otherwise been subject, so as to permit the Optionee to tender the Shares received upon such exercise (the “**Optioned Shares**”) to the Offer. If:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror pursuant thereto;

the Optioned Shares or, in the case of clause (b) above, the Optioned Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued shares and with respect to such returned Optioned Shares, the Option shall be reinstated as if it had not been exercised, and any vesting schedule shall also be reinstated. If any Optioned Shares are returned to the Company under this Section, the Company shall refund the exercise price to the Optionee for such Optioned Shares.

## 11. TERMINATION AND AMENDMENT OF PLAN

11.1 **Power to Terminate or Amend Plan** - Subject to the approval of any stock exchange on which the Company’s securities are listed, the Board may terminate, suspend or amend the terms of the Plan; provided, however, that, except as provided in Section 10 above, and as long as the Company is a “reporting issuer” under the securities laws of any jurisdiction in Canada, the Board may not amend the Plan in any of the following respects without obtaining, within 12 months either before or after the Board’s adoption of a resolution authorizing such action, Shareholder Approval, and, where required, Disinterested Shareholder Approval:

- (a) increase the fixed maximum number or percentage of Shares which may be issued under the Plan;
- (b) materially increase the benefits accruing to participants under the Plan;
- (c) add any form of financial assistance;
- (d) make any amendment to a financial assistance provision which is more favourable to participants under the Plan;
- (e) reduce the Option Price;
- (f) allow for the cancellation or reissuance of any Option granted under the Plan;

- (g) extend the Term of any Option;
- (h) permit Options granted under the Plan to be transferable or assignable other than for normal estate settlement purposes; or
- (i) amend this Section 11.1 of the Plan.

For greater certainty, the Board may make any amendment to the terms of the Plan other than as described at subsections 11.1(a) through (h) above without obtaining Shareholder Approval, including the following types of amendments:

- (j) amendments made for the purpose of correcting typographical or clerical errors, clarifying ambiguities or matters of interpretation, or updating statutory or regulatory references;
- (k) the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Company, including adding or amending any terms relating to any cashless exercise features, payable in cash or shares; or
- (l) amendments for the purpose of complying with the requirements of any applicable regulatory authority or responding to legal or regulatory changes.

11.2 **No Grant During Suspension of Plan** - No Option may be granted during any suspension, or after termination, of the Plan. Amendment, suspension or termination of the Plan shall not, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

## 12. **CONDITIONS PRECEDENT TO ISSUANCE OF SHARES**

12.1 **Compliance with Laws** - Shares shall not be issued pursuant to the exercise of any Option unless the Shares are fully paid and non-assessable and the exercise of such Option and the issuance and delivery of such Shares comply with all relevant provisions of law, including, without limitation, the United States *Securities Act of 1933*, as amended, any applicable state or provincial securities or corporate laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the Shares may then be listed or otherwise traded.

12.2 **Regulatory Approval to Issuance of Shares** - The Company's inability to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability with respect to the failure to issue or sell such Shares.

### 13. USE OF PROCEEDS

- 13.1 **Use of Proceeds** - Proceeds from the sale of Shares pursuant to the Options granted and exercised under the Plan shall constitute general funds of the Company and shall be used for general corporate purposes.

### 14. NOTICES

- 14.1 **Notices** - All notices, requests, demands and other communications required or permitted to be given under this Plan and the Options granted under this Plan shall be in writing and shall be either served personally on the party to whom notice is to be given, in which case notice shall be deemed to have been duly given on the date of such service; faxed or by electronic communication, in which case notice shall be deemed to have been duly given on the date the facsimile or electronic communication is sent; or mailed to the party to whom notice is to be given, by first class mail, registered or certified, return receipt requested, postage prepaid, and addressed to the party at his or its most recent known address, in which case such notice shall be deemed to have been duly given on the tenth postal delivery day following the date of such mailing.

### 15. MISCELLANEOUS PROVISIONS

- 15.1 **No Obligation to Exercise** - Optionees shall be under no obligation to exercise Options granted under this Plan.
- 15.2 **No Obligation to Retain Optionee** - Nothing contained in this Plan shall obligate the Company or any Related Company to retain an Optionee as an employee, officer, director, or consultant for any period, nor shall this Plan interfere in any way with the right of the Company or any Related Company to reduce such Optionee's compensation.
- 15.3 **Binding Agreement** - The provisions of this Plan and each Option Agreement with an Optionee shall be binding upon such Optionee and the Qualified Successor or Guardian of such Optionee.
- 15.4 **Use of Terms** - Where the context so requires, references herein to the singular shall include the plural, and vice versa, and references to a particular gender shall include either or both genders.
- 15.5 **Headings** - The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.
- 15.6 **No Representation or Warranty** - The Company makes no representation or warranty as to the future market value of any Shares issued or issuable in accordance with the provisions of this Plan.

**16. EFFECTIVE DATE OF PLAN**

- 16.1 **Effective Date of Plan** - This Plan shall become effective on the date of its acceptance by the shareholders of the Company.
- 16.2 **Rollover from Prior Stock Option Plans** - On the Effective Date, this Plan shall supersede all prior stock option plans of the Company and all outstanding stock options granted under prior stock option plans of the Company shall be rolled over into and be subject to the terms and conditions of this Plan.

