

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING  
AND MANAGEMENT INFORMATION CIRCULAR**

Date and Time: August 17, 2017  
at 11:00 a.m. (PST)

Place: 1166 Alberni Street  
Boardroom #402  
Vancouver, British Columbia

JULY 18, 2017



## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the Annual General and Special Meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of Dynasty Metals & Mining Inc. (the "**Corporation**") will be held at 1166 Alberni Street, Boardroom #402, Vancouver, British Columbia, V6E 3Z3, Canada, **on Thursday, August 17, 2017 at 11:00 a.m. (PST)**, for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2016, together with the report of the auditor thereon;
2. to fix the number of directors at five (5);
3. to elect directors of the Corporation for the ensuing year;
4. to appoint Davidson & Company LLP, Chartered Professional Accountants, as the auditors of the Corporation and to authorize the directors to fix the auditors' remuneration for the ensuing year;
5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, the full text of which is set forth in the accompanying management Circular (the "**Circular**") prepared for the purposes of the Meeting, adopting and ratifying the Corporation's 2017 stock option plan;
6. to consider and, if deemed advisable, to pass, with or without variation, a special resolution, the full text of which is set forth in the accompanying Circular, to change the name of the Corporation from "Dynasty Metals & Mining Inc." to "Core Gold Inc.", or such other name as the Corporation's Board of Directors (the "**Board**"), in its sole discretion, may resolve and as may be acceptable to the applicable regulatory authorities (including the TSX Venture Exchange);
7. to consider and, if deemed advisable, to pass, with or without variation, a special resolution, the full text of which is set forth in the accompanying Circular, approving the continuance of the Corporation under the *Business Corporations Act* (British Columbia); and
8. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The Board has fixed the close of business (Vancouver time) on Tuesday, July 13, 2017 as the record date for the Meeting. Only Shareholders of record at the close of business on the record date are entitled to receive notice of and to vote at the Meeting. Registered Shareholders who are unable to attend the Meeting are requested to complete, sign, date and return the enclosed form of proxy in accordance with the instructions set out therein and in the Circular accompanying this notice of meeting. To be valid, completed proxy forms must be dated, completed, signed and deposited with our transfer agent, Computershare Investor Services Inc.: (i) by mail using the enclosed return envelope or one addressed to Computershare Investor Services Inc., Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5; (ii) by hand delivery to Computershare, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1; or (iii) by facsimile to (416) 263-9524 or 1-866-249-7775. Additionally, you may vote by using the internet at [www.investorvote.com](http://www.investorvote.com) or by calling 1-866-732-VOTE (8683). Your proxy instructions must be received in each case no later than 11:00 a.m. (PST) on August 15, 2017. The chairman of the Meeting has the discretion to accept proxies received after that time. If you have questions, you may contact the Corporation's Corporate Secretary by telephone at 604-345-4822 or by email at [info@dynastymining.com](mailto:info@dynastymining.com).

**DATED** at Vancouver, British Columbia this 18<sup>th</sup> day of July, 2017.

By Order of the Board  
(Signed) "Keith Piggott"  
Mr. Keith Piggott  
President and Chief Executive Officer

***If you are a non-registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the Meeting.***

## INVITATION TO SHAREHOLDERS

### Dear Shareholder:

On behalf of the board of directors (the "**Board**") of Dynasty Metals & Mining Inc. (the "**Corporation**"), we invite you to attend our Annual General and Special Meeting (the "**Meeting**") of shareholders of the Corporation to be held on Thursday, August 17, 2017 at 1166 Alberni Street, Boardroom #402, Vancouver, British Columbia, V6E 3Z3, Canada at 11:00 a.m. (PST).

The items of business to be considered at the Meeting are described in the accompanying Notice of Annual General and Special Meeting of Shareholders of Dynasty Metals & Mining Inc. and the accompanying management Circular. The contents and the sending of the management Circular have been approved by the Board.

We encourage you to vote at the Meeting, which can easily be done by following the instructions enclosed with this management Circular. Following the formal portion of the Meeting, management will review the Corporation's operation and financial performance during the financial year ended December 31, 2016 and provide an outlook on our priorities for 2017 and beyond. You will also have an opportunity to ask questions and meet some of our directors and executive officers.

Many of our public documents, including our 2016 Annual Report, are available on the Corporation's website at [www.dynastymining.com](http://www.dynastymining.com). We encourage you to visit our web site for information about our Corporation, including news releases and investor presentations. To ensure that you receive the latest news on the Corporation, please subscribe through our web site. Additional information relating to the Corporation is also available on SEDAR at [www.sedar.com](http://www.sedar.com).

We look forward to seeing you at the meeting.

Yours sincerely,

*(Signed) "Keith Piggott"*

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Mr. Keith Piggott  
President and Chief Executive Officer

## VOTING AND PROXIES: QUESTIONS AND ANSWERS

Please read the following for commonly asked questions and answers regarding voting and proxies.

**Q. Am I entitled to vote?**

**A.** You are entitled to vote if you are a holder of common shares of Dynasty as of the close of business on August 15, 2017, the record date for the meeting. Each common share is entitled to one vote. The list of registered shareholders maintained by Dynasty will be available for inspection after July 13, 2017 during normal business hours at the offices of our transfer agent, Computershare Investor Services Inc., located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, and will also be available for inspection at the meeting.

**Q. What am I voting on?**

**A.** You will be voting to:

- fix the number of directors at five (5);
- elect directors of the Corporation for the ensuing year;
- to appoint Davidson & Company LLP, Chartered Professional Accountants, as the auditors of the Corporation and to authorize the directors to fix the auditors' remuneration;
- to approve a new 2017 stock option plan;
- to approve a special resolution to amend the name of the Corporation; and
- to approve a special resolution authorizing the Corporation to continue into the jurisdiction of British Columbia.

**Q. What if amendments are made to these matters or if other matters are brought before the meeting?**

**A.** If you attend the meeting in person and are eligible to vote, you may vote on such matters as you choose. If you have completed and returned a proxy, the securities represented by proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for and, if you specify a choice with respect to any matter to be acted upon, the securities will be voted accordingly. The persons named in the proxy form will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual General and Special Meeting and to other matters that may properly come before the meeting. As of the date of this management Circular, our management knows of no such amendment, variation or other matter expected to come before the meeting. If any other matters properly come before the meeting, the persons named in the proxy form will vote on them in accordance with their best judgment. The management of Dynasty is soliciting your proxy. Solicitation of proxies is done primarily by mail, supplemented by telephone or other contact, by our employees or agents at a nominal cost, and all of these costs are paid by Dynasty. If you are eligible to vote and your shares are registered in your name, you can vote your shares in person at the meeting or by completing your proxy form through any of the methods described above. If your shares are not registered in your name but are held by a nominee, please see below.

**Q. How can I vote?**

**A.** If you are eligible to vote and your shares are registered in your name, you can vote your shares in person at the meeting or by completing your proxy form through any of the methods described above. If your shares are not registered in your name but are held by a nominee, please see below.

**Q. How can a non-registered shareholder vote?**

**A.** If your shares are not registered in your name, but are held in the name of a nominee (usually a bank, trust Corporation, securities broker or other financial institution), your nominee is required to seek your instructions as to how to vote your shares. Your nominee will have provided you with a package of information, including these meeting materials and either a proxy or a voting form. Carefully follow the instructions accompanying the proxy or voting form.

**Q. How can a non-registered shareholder vote in person at the meeting?**

**A.** Dynasty does not have access to all the names of its non-registered shareholders. Therefore, if you are a non-registered shareholder and attend the meeting, we will have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as a proxyholder. If you wish to vote in person at the meeting, insert your name in the space provided on the proxy form or voting form sent to you by your nominee. In doing so you are instructing your nominee to appoint you as a proxyholder. Complete the form by following the return instructions provided by your nominee. You should report to a representative of Computershare upon arrival at the meeting.

**Q. Who votes my shares and how will they be voted if I return a proxy?**

**A.** By properly completing and returning a proxy, you are authorizing the person named in the proxy to attend the meeting and vote your shares. You can use the enclosed proxy form, or any other proper form of proxy, to appoint your proxyholder. The shares represented by your proxy must be voted according to your instructions in the proxy. If you properly complete and return your proxy but do not specify how you wish the votes cast, your shares will be voted as your proxyholder sees fit. Unless contrary instructions are provided, shares represented by proxies received by management will be voted:

- FOR fixing the number of directors at five (5);
- FOR the election of directors from those nominees set out in this management Circular;
- FOR the appointment of Davidson & Company LLP, Chartered Professional Accountants, as the auditors of the Corporation and the authorization for the directors to fix the auditors' remuneration for the ensuing year;
- FOR the adoption and ratification of the 2017 stock option plan;
- FOR the approval to change the name of "Dynasty Metals & Mining Inc." to "Core Gold Inc."; and
- FOR the approval of the continuance of the Corporation under the *Business Corporations Act* (British Columbia).

**Q. Can I appoint someone other than the individuals named in the enclosed proxy form to vote my shares?**

**A.** Yes, you have the right to appoint the person of your choice, who does not need to be a shareholder, to attend and act on your behalf at the meeting. If you wish to appoint a person other than the names that appear, then strike out those printed names appearing on the proxy form and insert the name of your chosen proxyholder in the space provided.

NOTE: It is important to ensure that any other person you appoint is attending the meeting and is aware that his or her appointment to vote your shares has been made. Proxyholders should, upon arrival at the meeting, present themselves to a representative of Computershare.

**Q. What if my shares are registered in more than one name or in the name of my Corporation?**

**A.** If the shares are registered in more than one name, all those registered must sign the form of proxy. If the shares are registered in the name of your Corporation or any name other than yours, you should submit documentation that proves you are authorized to sign the proxy form, concurrently with the filing of your proxy.

**Q. Can I revoke a proxy or voting instruction?**

**A.** If you are a registered shareholder and have returned a proxy, you may revoke it by:

1. completing and signing a proxy bearing a later date, and delivering it to Computershare; or
2. delivering a written statement revoking your proxy, signed by you or your authorized attorney to:
  - (a) the Corporate Secretary of Dynasty Metals & Mining Inc. at Suite #1201 – 1166 Alberni Street, Vancouver, B.C., V6E 3Z3, Canada at any time up to and including the last business day prior to the meeting, or the business day preceding the day to which the meeting is adjourned; or
  - (b) to the Chairman of the meeting prior to the start of the meeting.

If you are a non-registered shareholder, contact your nominee.

**Q. Is my vote confidential?**

**A.** Your proxy vote is confidential. Proxies are received, counted and tabulated by our transfer agent, Computershare. Computershare does not disclose the results of individual shareholder votes unless: (i) they contain a written comment clearly intended for management; (ii) in the event of a proxy contest or proxy validation issue; or (iii) if necessary to meet legal requirements. Proxy voting records are routinely shared with management and counsel in the days prior to the meeting.

**Q. How many common shares are outstanding?**

**A.** As of July 18, 2017, there were **97,049,504** common shares of Dynasty issued and outstanding. We have no other class or series of voting shares outstanding.

**Q. What is electronic delivery?**

**A.** Electronic delivery is voluntary e-mail notification sent to shareholders when documents such as our annual report, quarterly reports and this management Circular are available on our web site. If you wish, you may elect to be notified by e-mail when documentation is posted on our web site. Electronic delivery will save paper, reduce our impact on the environment and reduce costs.

**Q. How can I ask for electronic delivery?**

**A.** If you are a registered shareholder, go to the Investor Communication web site at [www.InvestorDelivery.com](http://www.InvestorDelivery.com) and follow the instructions on the screen.

You will need your Control Number and your PIN number (you will find them on the proxy form provided in your package).

Non-registered holders can sign up for mailings (not proxy materials) through [www.computershare.com/maillinglist](http://www.computershare.com/maillinglist).

If you have a question regarding the meeting, please contact Computershare at 1-800-564-6253 or visit [www.computershare.com](http://www.computershare.com).

**Q. What if I have other questions?**

**A.** If you have a question regarding the meeting, please contact Computershare at 1-800-564-6253 or visit [www.computershare.com](http://www.computershare.com).



## MANAGEMENT CIRCULAR

(all information as at July 18, 2017 unless otherwise indicated)

### THE MEETING

This Circular (this "**Circular**") is furnished in connection with the solicitation of proxies by or on behalf of the management of Dynasty Metals & Mining Inc. (the "**Corporation**" or "**Dynasty**") for use at the Annual General and Special Meeting (the "**Meeting**") of shareholders of the Corporation (the "**Shareholders**") to be held on Thursday, August 17, 2017, at 11:00 a.m. (PST), or any adjournment thereof, at the offices of 1166 Alberni Street, Boardroom #402, Vancouver, British Columbia, V6E 3Z3, Canada for the purposes set out in the accompanying notice of Meeting (the "**Notice**").

The information contained in this Circular is given as of July 18, 2017 unless otherwise indicated. This Circular, the Notice and the accompanying form of proxy are being mailed to Shareholders on or about July 120, 2017. In this Circular, references to the "Corporation", "Dynasty", "we" and "our" refer to Dynasty Metals & Mining Inc. "Common Shares" means common shares without par value in the capital of the Corporation, "Beneficial Shareholders" means shareholders who do not hold Common Shares in their own name and "Intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders. Unless otherwise indicated, all references to "\$" or "dollars" in this Circular mean United States dollars.

### REVOCABILITY OF PROXIES

The persons named in the accompanying form of proxy are directors and officers of the Corporation. You have the right to appoint some other person or Corporation of your choice, who need not be a Shareholder, to attend and act on your behalf at the Meeting.

**A Shareholder desiring to appoint some other person or Corporation to represent him or her at the Meeting may do so either by inserting the name of such person or Corporation in the blank space provided in the accompanying form of proxy and striking out the names of the management nominees or by duly completing another proper form of proxy and, in either case, depositing the completed proxy at the offices of the Corporation's registrar and transfer agent, Computershare Investor Services Inc. ("**Computershare**" or the "**Transfer Agent**"), Attention: Proxy Department, 100 University Ave., 8th Floor, North Tower, Toronto, Ontario, Canada, M5J 2Y1 before the specified time described in the previous section.**

In addition to revocation in any other manner permitted by law, a registered Shareholder who has given a proxy may revoke it: (a) by attending the Meeting and voting the registered Shareholder's Common Shares, (b) by fully executing another form of proxy bearing a later date and duly depositing the same before the specified time, or (c) by executing a valid notice of revocation (where a new proxy is not also filed). A registered Shareholder means a Shareholder of the Corporation in possession of a physical Common Shares certificate of the Corporation as recorded with the Transfer Agent.

A later dated proxy or notice of revocation must be executed by the registered Shareholder or the registered Shareholder's authorized attorney in writing, or, if the registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and delivered by fax at 1-866-249-7775 (toll free in Canada and the United States) or 416-263-9524 (outside of Canada and the United States), or by mail (via postage paid return envelope) at Computershare Investor Services Inc., attention: Proxy Department, 100 University Ave., 8th Floor, North Tower, Toronto, Ontario, Canada, M5J 2Y1 or to the head office of the Corporation located at Suite #1201 – 1166 Alberni Street, Vancouver, B.C., V6E 3Z3, Canada.

A later dated proxy must be received before 11:00 a.m. (PST) on August 15, 2017, or if the Meeting is adjourned, the day that is two business days before any reconvening thereof at which the Proxy is to be used. Only registered Shareholders have the right to revoke a proxy. Beneficial Shareholders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their Intermediaries to change the vote and, if necessary, revoke their proxy. A revocation of proxy will not affect a matter on which a vote is taken before the revocation.

## EXERCISE OF DISCRETION

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

### *Persons Making the Solicitation*

Dynasty's management is using this Circular to solicit proxies from Shareholders for use at the Meeting. The solicitation of proxies will be primarily by mail, but Dynasty's directors, officers and regular employees may also solicit proxies personally or by telephone. Dynasty will bear all costs of the solicitation. Dynasty has arranged for Intermediaries to forward the Meeting materials to beneficial owners of Common Shares held of record by those Intermediaries and Dynasty may reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

## COMPLETION AND PROXY INSTRUCTIONS

### *Voting of Proxies*

The Common Shares represented by the accompanying form of proxy (if the same is properly executed in favour of the management nominees named therein, and is received at the offices of Computershare Investor Services Inc., Attention: Proxy Department, 100 University Ave., 8th Floor, North Tower, Toronto, Ontario, Canada, M5J 2Y1, by no later than 11:00 a.m. (PST) on August 15, 2017 or, if the Meeting is adjourned, then not less than 48 hours (excluding Saturdays, Sundays and holidays) before any such adjourned meeting), will be voted at the Meeting, and, where a choice is specified in respect of any matter to be acted upon, will be voted or withheld from voting in accordance with the specification made. **In the absence of such a specification, the person designated in the accompanying form of proxy will vote in favour of all matters to be acted on at the Meeting.**

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters set forth in the accompanying Notice, or all other business or matters that may properly come before the Meeting. At the date hereof, management of the Corporation knows of no such amendments, variations or other business or matters to come before the Meeting.

### *Registered Holders*

Only Shareholders registered as shareholders in the Corporation's shareholder registry maintained by the Transfer Agent or duly appointed proxyholders (except as discussed below under "Non-registered Shareholders") will be recognized to make motions or vote at the Meeting.

### *Non-Registered Shareholders*

**Many Shareholders are "non-registered" Shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust corporation through which they purchased the shares.** More particularly, a person is not a registered Shareholder in respect of Common Shares which are held on behalf of that person (the "**Non-Registered Holder**") but which are registered either: (a) in the name of an Intermediary that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, 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 CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms) of which the Intermediary is a participant.

There are two kinds of Non-Registered Holders: (a) those who object to their name being made known to the issuers of securities which they own (called "**OBOs**", for Objecting Beneficial Owners) and (b) those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**", for Non-Objecting Beneficial Owners).

Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of Reporting Issuers* ("**NI 54-101**"), issuers can request and obtain a list of their NOBOs from intermediaries via their transfer agents and use the NOBO list for distribution of proxy-related materials directly (not via Broadridge Financial Solutions Inc., to whom many Intermediaries delegate investor communications) to NOBOs.

Dynasty is taking advantage of NI 54-101 that permits us to directly deliver proxy-related materials to our NOBOs who have not waived the right to receive them. As a result, NOBOs can expect to receive a Voting Instruction Form (a "**VIF**"), together with the Notice, this Circular and related documents from Computershare. The VIF is to be completed and returned to Computershare in the envelope provided or by facsimile or voted using the telephone or internet alternatives included on the VIF. **NOBOs should carefully follow the instructions of Computershare, including those regarding when and where to complete the VIFs that are to be returned to Computershare.**

Shareholders with questions respecting the voting of Common Shares held through a stockbroker or other financial intermediary should contact that stockbroker or other intermediary for assistance.

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

No person who was a director or senior officer of the Corporation at any time since the beginning of the Corporation's last completed financial year, no person who is a proposed nominee for election as a director of the Corporation and no associate or affiliate of any such director, senior officer or proposed nominee has any material interest, direct or indirect, in any matter to be acted upon at the Meeting other than the election of directors.

#### ***Record Date and Outstanding Shares***

The record date for determining persons entitled to receive notice of and vote at the Meeting is July 13, 2017 (the "**Record Date**"). Only persons who were registered Shareholders as of the close of business on the Record Date are entitled to vote at the Meeting, or any adjournment or postponement thereof, in the manner and subject to the procedures described in this Circular. A quorum of Shareholders is present at the Meeting irrespective of the number of persons actually present at the Meeting, if the holder or holders of 5% of the Common Shares entitled to vote at the Meeting are present in person or represented by proxy

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Corporation's authorized capital consists of an unlimited number of common shares without par value. As at the date hereof, the Corporation has **97,049,504** fully paid and non-assessable Common Shares issued and outstanding, with each Common Share carrying the right to one vote. The Corporation has no other classes of voting securities and does not have any classes of restricted securities. The outstanding Common Shares are listed for trading on the TSX Venture Exchange (the "**TSXV**") under the symbol "DMM".

To the knowledge of the directors and executive officers of the Corporation, the only persons who, or corporations which, beneficially own, or control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding shares of the Corporation are:

| Name                         | Number of Common Shares Beneficially Owned, Controlled or Directed | Percentage of Outstanding Common Shares |
|------------------------------|--|---|
| Robert Washer <sup>(1)</sup> | 19,738,568   | 20.34%                                  |
| Keith Piggott                | 10,458,965   | 10.78%                                  |

**Note:**

(1) Robert Washer is the Chairman of the Corporation. Of the 19,738,568 Common Shares, 11,231,281 Common Shares are held by Cinergy Capital Corp. and 8,007,284 Common Shares are held by Valorium International Inc., companies managed by Robert Washer.

## VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the ordinary resolutions described herein and not less than two-thirds (66.67%) of affirmative votes cast at the Meeting is required to pass the special resolutions described herein. If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled all such nominees will be declared elected or appointed by acclamation.

### ELECTION OF DIRECTORS

At the Meeting, the Shareholders will be asked to pass an ordinary resolution to set the number of directors of the Corporation for the ensuing year at five (5). Such resolution will be approved if the majority of Common Shares present or represented by proxy at the Meeting and entitled to vote are voted in favour thereof. At the Meeting, the Corporation will ask Shareholders to vote for the election of the five (5) nominees proposed by the Corporation as directors. Each Shareholder will be entitled to cast their votes for, or withhold their votes from, the election of each director. The management proxyholders named in the accompanying form of proxy as proxyholders intend to vote "FOR" the ordinary resolution fixing the number of directors of the Corporation for the ensuing year at five (5) and "FOR" the election of all nominees whose names are set forth in this Circular, unless instructed otherwise.

#### *Recommendation of the Board*

**The Board recommends that the Shareholders vote "FOR" the ordinary resolution fixing the number of directors of the Corporation for the ensuing year at five (5) and "FOR" its nominees for election as directors of the Corporation for the ensuing year.**

#### *Majority Voting for Directors*

The board of directors of the Corporation (the "**Board**") has adopted a majority voting policy, which requires, at uncontested Shareholder meetings, that any nominee for director who has more votes withheld than are voted in favour of him or her shall submit his or her resignation to the Board, effective on the acceptance of the Board. The Board will promptly accept the resignation unless the Board determines that there are exceptional circumstances relating to the composition of the Board or the voting results or otherwise that should delay the acceptance of the resignation or justify rejecting it. In any event, the resignation shall be accepted, absent such exceptional circumstances, within 90 days of the Meeting.

#### *Nominees*

The following table (and notes thereto) sets forth for each of the persons proposed to be nominated for election as directors their name, city, province/state and country of residence; their principal occupations or employment; a brief biographical description; the date on which they became directors of the Corporation; their independence; their memberships with the applicable committees of the Corporation; each nominees' attendance at Board meetings and applicable committee meetings.

In addition, the table shows the nominees' current equity ownership consisting of Common Shares beneficially owned, directly or indirectly, or controlled or directed, and options credited to, each nominee. For additional information regarding compensation, options, equity ownership, and current directorships, please refer to the "Statement of Executive Compensation, Director Compensation, Statement of Corporate Governance Practices and Other Directorships" section below. The following table also includes the attendance of each director at Board meetings and various committee meetings held during the financial year ended December 31, 2016. Mr. Robert Washer, currently a director of the Corporation, has advised the Corporation that he intends to retire from the Board at the Meeting and not stand for re-election. Mr. Washer has served as a director of the Corporation since 2003.

| Name of Director/Officer  | Common Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed <sup>(1)</sup> | Number of Options Held <sup>(1)</sup> |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
|---|--|---------------------------------------|----------------------------|----------------|---|-------|--------|------|---------------------------------|----------------|--------|-------------------|--------|-------------------|---------------------------------|----------------|--------|---------|--------|------------------|---------|--------|-------------------|---------|--------|---------------|
| <b>Keith Piggott</b>  |  |                                       |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
|  <p>Sonora, México<br/>Director since: September 2016<br/>Non-Independent Member of the Board</p>  | 10,458,965   | 1,500,000                             |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| <p>Principal Occupation for the Past Five Years: Keith Piggott is currently the President, Chief Executive Officer and a Director of the Corporation. Mr. Piggott is also currently the President, Chairman and Chief Executive Officer and a Director of Goldgroup Mining Inc. Mr. Piggott is the Legal Representative of Gramin S.A. de C.V. and Minera Secotec S.A. de C.V. Over the last 40 years, Mr. Piggott has started and operated numerous underground, open cut and beach sand mines in Zambia, Australia and Mexico. In addition to producing copper, cobalt, rutile, zircon, tungsten and tin at various times, he has spent the majority of his career producing gold and silver. He has undertaken exploration work in Australia, Papua New Guinea, Chile, the United States and various regions of Central America. He has experience in Mexico which has come through operating a number of gold mines in the region for nearly 10 years. He earned a Mining Engineering degree from the Camborne School of Mines in 1964 and completed the Executive Development Course at the London Business School in 1972.</p>  |  |                                       |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
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| Board/Committee Membership  | Attendance   | %                                     |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| Board   | 1 of 1   | 100%                                  |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| Number of Stock Options Granted   | Exercise Price   | Expiry                                |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| 1,500,000   | \$0.23   | December 21, 2021                     |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| <b>Gregg J. Sedun</b>   |  |                                       |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
|  <p>British Columbia, Canada<br/>Director since: September 2016<br/>Independent Member of the Board<br/>Lead Director</p>  | 3,372,666  | 750,000                               |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| <p>Principal Occupation for the Past Five Years: Gregg J. Sedun is President and CEO of Global Vision Capital Corp., a venture capital company based in Vancouver Canada. Prior to that, Mr. Sedun was a corporate finance lawyer until his retirement in 1997. Mr. Sedun was a Director of Goldgroup Mining Inc. from June 2010 to June 2017.</p>  |  |                                       |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
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| Board/Committee Membership  | Attendance (1)   | %                                     |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| Board   | 1 of 1   | 100%                                  |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| Number of Stock Options Granted   | Exercise Price   | Expiry                                |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| 750,000   | \$0.23   | December 21, 2021                     |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| <b>Mark H. Bailey</b>   |  |                                       |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| <p>Washington, U.S.A.<br/>Director since: September 2003<br/>Independent Member of the Board<br/>Member of the Audit Committee<br/>Member of the Special Committee</p>  | 135,600  | 685,000                               |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| <p>Principal Occupation for the Past Five Years: Mr. Bailey holds a Master's degree in geology, is a registered professional geologist with over 39 years' experience, most recently in the role of President &amp; CEO of TSX-listed Minefinders Corporation Ltd. from 1995 to its sale in 2012. While with Minefinders, he was responsible for the discovery and development of resources totaling more than 3 million ounces of gold and 165 million ounces of silver as well as the eventual sale of the company to Pan American Silver Corp. in 2012. Prior to his tenure with Minefinders, Mr. Bailey held senior positions with Equinox Resources Inc. and Exxon Minerals. He is presently a director of Entrée Gold and Northern Lion and owner of M.H. Bailey &amp; Associates LLC, a consulting Geologist company.</p>  |  |                                       |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
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| Board/Committee Membership  | Attendance (1)   | %                                     |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| Board   | 4 of 4   | 100%                                  |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| Audit Committee   | 4 of 4   | 100%                                  |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| Special Committee   | 2 of 2   | N/A                                   |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| Number of Stock Options Granted   | Exercise Price   | Expiry                                |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| 350,000   | \$0.23   | December 7, 2021                      |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| 210,000   | \$0.92   | November 21, 2019                     |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |
| 125,000   | \$0.64   | July 16, 2018                         |                            |                |   |       |        |      |                                 |                |        |                   |        |                   |                                 |                |        |         |        |                  |         |        |                   |         |        |               |

| Name of Director/Officer  | Common Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed <sup>(1)</sup>  | Number of Options Held <sup>(1)</sup> |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
|---|---|---------------------------------------|----------------------------|----------------|---------|--------|-------------------|---------|-----------------|-------------------|---------|-------------------|---------------|------|
| <b>Leonard Clough</b>   |   |                                       |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
| British Columbia, Canada<br>Director since: May 2011<br>Independent Member of the Board<br>Member of the Audit Committee<br>Member of the Special Committee   | 372,800 <sup>(1)</sup>  | 618,000                               |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
|   | Principal Occupation for the Past Five Years. Mr. Clough is President of Toro Pacific Management Inc, a private investment company primarily focussed on capital markets since 2013. From 2010 to 2016, Mr. Clough was the Investment Manager of an investment fund called The Tyee Growth Fund, Ltd. From 1998 to 2010, he was partner of Cooper & Clough Asset Management Group at RBC located in Vancouver. Mr. Clough received an undergraduate degree from the University of British Columbia.   |                                       |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
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|   | Board/Committee Membership  | Attendance (1)                        | %                          |                |         |        |                   |         |                 |                   |         |                   |               |      |
|   | Board   | 4 of 4                                | 100%                       |                |         |        |                   |         |                 |                   |         |                   |               |      |
| Audit Committee   | 4 of 4  | 100%                                  |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
| Special Committee   | 2 of 2  | 100%                                  |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
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| Number of Stock Options Granted   | Exercise Price  | Expiry                                |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
| 350,000   | \$0.23  | December 7, 2021                      |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
| 143,000   | \$0.92  | November 21, 2019                     |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
| 125,000   | \$0.64  | July 16, 2018                         |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
| <p><b>Note:</b></p> <p>(1) Of the 372,800 Common Shares, 182,000 Common Shares are held by Toro Pacific Management Inc. and 10,000 Common Shares are held by Leonard Clough LIRA.</p>   |   |                                       |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
| <b>Javier Reyes</b>   |   |                                       |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
| <br>Mexico City, Mexico<br>Director since: September 2016<br>Independent Member of the Board<br>Chairman<br>Member of the Audit Committee   | 68,334  | 750,000                               |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
|   | Principal Occupation for the Past Five Years: Mr. Reyes is the Founder (2004), President and Chief Executive Officer of Antares Capital Management Ltd., a Corporation that manages four hedge funds which are located in Tortola, British Virgin Islands. Mr. Reyes holds a Bachelor's Degree in Economics and Business Administration and also holds a Masters in Finance. Mr. Reyes currently holds various positions which include: Director of Goldgroup Mining Inc. since June 2013 and Director of Candelaria Mining Corp. since March 2016. He began his professional and financial services career in 1996 at a well-known brokerage firm in Mexico City. In 2001, he founded a financial consultancy Corporation, where he became the CEO. Mr. Reyes is the founder, President and Chief Executive Officer of the Antares Capital Management and Cygnus Asset Management, and manages 3 hedge funds: Antares Capital Fund, Antares Oil & Gas Fund and Cygnus Real Estate Opportunity Fund. Mr. Reyes currently holds the following positions: President of CrediPresto, S.A. de C.V. ENR. (since 2007) and President of Mex e Trade Asesores, S.C. (since 2004). Mr. Reyes has also held the following positions: Chief Executive Office of Mex e Trade On Line, S.C. (2001-2003); Financial Manager of Fabrica de Calzado Liz Ardel, S.A. (1998-2000); and Financial Advisor of Estrategia Bursatil, S.A. (1995-1997). |                                       |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
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|   | Board/Committee Membership  | Attendance (1)                        | %                          |                |         |        |                   |         |                 |                   |         |                   |               |      |
|   | Board   | 1 of 1                                | 100%                       |                |         |        |                   |         |                 |                   |         |                   |               |      |
| Audit Committee   | 1 of 1  | 100%                                  |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
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| Number of Stock Options Granted   | Exercise Price  | Expiry                                |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
| 750,000   | \$0.23  | December 21, 2021                     |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |
| <p><b>Notes:</b></p>  |   |                                       |                            |                |         |        |                   |         |                 |                   |         |                   |               |      |

- (1) The number of Common Shares beneficially owned, controlled or directed, directly or indirectly, by the above directors and officers is based on information furnished by the directors and officers themselves and from the insider reports available at www.sedi.ca.
- (2) As of July 18, 2017, the proposed directors and officers of the Corporation, five (5) in the aggregate, beneficially owned, controlled or directed, directly or indirectly, an aggregate of 14,408,365 Common Shares (excluding stock options granted) or approximately 14.85% of the Common Shares issued and outstanding.
- (3) The Corporation's audit committee (the "**Audit Committee**") at least annually or more frequently as circumstances dictates. The Audit Committee was comprised of Javier Reyes (Chairman), Leonard Clough and Mark H. Bailey for the year ended December 31, 2016. Mr. Reyes was appointed Chairman on September 9, 2016. Mr. Edison Lopez Viteri was a member of the Audit Committee until his resignation on September 9, 2016.

### ***Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

To the knowledge of the Corporation, no director or executive officer of the Corporation:

- (a) is, as at the date of this Information Circular, or was within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:
  - (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or
  - (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of subsection (a), "order" means:

- (i) a cease trade order;
- (ii) an order similar to a cease trade order; or
- (iii) an order that denied the relevant Corporation access to any exemption under securities legislation, that was in effect for more than 30 consecutive days.

Except as disclosed herein, to the knowledge of the Corporation, no director or executive officer of the Corporation, or a Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation

- a) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in the that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- b) has, within 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, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;
- c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- d) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### ***Conflicts of Interest***

The directors are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interests that they may have in any project or opportunity of the Corporation. 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.

To the best of the Corporation's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Corporation, its promoters, directors and officers or other members of management of the Corporation or of any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Corporation and their duties as a director or officer of such other companies. All related party transactions during each reporting period are detailed in the Corporation's Management Discussion & Analysis for the financial year ended December 31, 2016.

## **AUDIT COMMITTEE**

### ***Audit Committee Charter***

The complete text of the Audit Committee Charter is contained in the Corporation's Annual Information Form for the year ended December 31, 2016 (the "**2016 AIF**"), which can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or for a summary, please refer to the "Statement of Corporate Governance Practices" section below. For further information regarding the Audit Committee, please refer to the 2016 AIF under the heading "Audit Committee".

The following table (and notes thereto) sets out the names of the Audit Committee members and their relevant experience and qualifications:

| Audit Committee Member   | Relevant Experience and Qualifications <sup>(1) (2)</sup>  |
|--|--|
| <b>Javier Reyes</b><br>Independent Member of the Board<br>Financially Literate   | Mr. Reyes became a director of Dynasty in September 2016. Mr. Reyes is the Founder (2004), President and Chief Executive Officer of Antares Capital Management Ltd., a company that manages four hedge funds which are located in Tortola, British Virgin Islands. Mr. Reyes holds a Bachelor's Degree in Economics and Business Administration and also holds a Masters in Finance. He began his professional and financial services career in 1996 at a well-known brokerage firm in Mexico City. In 2001, he founded a financial consultancy company, where he became the CEO. Mr. Reyes is the founder, President and Chief Executive Officer of the Antares Capital Management and Cygnus Asset Management, and manages 3 hedge funds: Antares Capital Fund, Antares Oil & Gas Fund and Cygnus Real Estate Opportunity Fund. Mr. Reyes currently holds the following positions: President of Credipresto, S.A. de C.V. ENR. (since 2007) and President of Mex e Trade Asesores, S.C. (since 2004). Mr. Reyes has also held the following positions: Chief Executive Office of Mex e Trade On Line, S.C. (2001-2003); Financial Manager of Fabrica de Calzado Liz Ardel, S.A. (1998-2000); and Financial Advisor of Estrategia Bursatil, S.A. (1995-1997). |
| <b>Leonard Clough</b><br>Independent Member of the Board<br>Financially Literate | Mr. Clough became a director of Dynasty in May 2011. Mr. Clough is President of Toro Pacific Management Inc, a private investment company primarily focussed on capital markets since 2013. From 2010 to 2016, Mr. Clough was the Investment Manager of an investment fund called The Tyee Growth Fund, Ltd. From 1998 to 2010, he was partner of Cooper & Clough Asset Management Group at RBC located in Vancouver. Mr. Clough received an undergraduate degree from the University of British Columbia.   |
| <b>Mark H. Bailey</b><br>Independent Member of the Board<br>Financially Literate | Mr. Bailey became a director of Dynasty in September 2003. Mr. Bailey holds a Master's degree in geology, is a registered professional geologist with over 39 years' experience, most recently in the role of President & CEO of TSX-listed Minefinders Corporation Ltd. from 1995 to its sale in 2012. While with Minefinders, he was responsible for the discovery and development of resources totaling more than 3 million ounces of gold and 165 million ounces of silver as well as the eventual sale of the company to Pan American Silver Corp. in 2012. Prior to his tenure with Minefinders, Mr. Bailey held senior positions with Equinox Resources Inc. and Exxon Minerals. He is presently a director of Entree Gold and Northern Lion and owner of M.H. Bailey & Associates LLC, a consulting Geologist company.   |

**Notes:**

- 1) A member of the Audit Committee is considered independent if the member has no direct or indirect material relationship with the Corporation, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- 2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

***Audit Committee Oversight***

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

**STATEMENT OF EXECUTIVE COMPENSATION**

***Named Executive Officers***

Pursuant to applicable securities legislation, the Corporation is required to provide a summary of all annual and long-term compensation for services in all capacities to the Corporation and its subsidiaries for the most recently completed financial year in respect of the Corporation's chief executive officer ("**CEO**"), its chief financial officer (the "**CFO**") and the other three most highly compensated executive officers of the Corporation whose individual total compensation for the most recently completed financial year exceeded \$150,000, and any individual who would have satisfied these criteria but for the fact that the individual was neither serving as an executive officer, nor was acting in a similar capacity at the end of the most recently completed financial year (the "**Named Executive Officers**" or "**NEOs**").

During the year ended December 31, 2016, the most recently completed financial year of the Corporation, the Corporation had the following six (6) Named Executive Officers: (i) Robert Washer, CEO; (ii) Keith Piggott, CEO; (iii) Nicholas Furber, CFO; (iv) Ruben Gellibert, Interim CFO and CFO; (v) Hernán Moreno, Interim CFO; and (vi) Sam Wong, CFO. Mr. Washer resigned as CEO and Mr. Piggott was appointed as CEO effective September 9, 2016. Mr. Furber resigned as CFO effective March 14, 2016. Mr. Gellibert was appointed as Interim CFO effective March 14, 2016 and as CFO effective May 13, 2016. Mr. Gellibert resigned as CFO effective July 8, 2016 and Mr. Moreno was appointed as Interim CFO effective August 23, 2016. Mr. Moreno resigned as Interim CFO and Mr. Wong was appointed as CFO effective September 9, 2016.

## *Compensation Discussion and Analysis*

The Corporation does not have a compensation committee. Instead, the entire Board determines the compensation of NEOs. Messrs. Washer and Piggott did not participate in discussions or decisions relating to their own compensation. The Board has no formal compensation policy. The Board meets periodically to discuss and determine executive compensation without reference to formal objectives, criteria or analysis. NEO compensation is designed in a manner to reward individual and Corporation performance, to be competitive with the compensation arrangements and programs established by other mining companies with which the Corporation compares itself and to be consistent with the NEO's respective contributions to the overall benefit of the Corporation. In establishing compensation packages for NEOs, the Board seeks to:

1. 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;
2. motivate management to work towards achieving important corporate objectives and reward them when such objectives are met;
3. recruit and subsequently retain highly qualified management by offering overall compensation which is competitive with that offered for comparable positions in other mining companies;
4. align the interests of management with the long-term interests of Shareholders through participation in the Corporation's stock option plan (the "**Stock Option Plan**"); and
5. ensure that the compensation package is designed in a manner that takes into account the constraints that the Corporation is under by virtue of the fact that it is an early stage mineral development Corporation without a significant history of earnings.

Currently, the Corporation's compensation package for NEOs consists of the following principal components: (i) base salary remuneration (in the case of Mr. Washer, a management fee paid to Minera Australiana Mineaustralia S.A. ("**Minera**"), which provides the services of Mr. Washer to the Corporation (see "Summary Compensation Table" below)); (ii) annual incentive cash bonuses; and (iii) long-term incentives in the form of stock options. Base remuneration is used to retain the services of the NEOs for the year, with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Corporation.

The granting of incentive stock options provides a link between executive compensation and the Common Share price. It is designed to reward management for achieving results that improve the Corporation's performance and thereby increase Shareholder value. A discretionary cash bonus may be awarded to reward extraordinary performance that has led to the Corporation achieving important corporate objectives, including strategic corporate transactions, property acquisitions or divestitures, the formation of new strategic or joint venture relationships and capital raising efforts.

The appropriate range for executive compensation is established using a combination of factors, including a comparative review of information provided to the Corporation by recruitment agencies and auditors, as well as historical compensation. In the course of deciding the appropriate levels of executive compensation for the financial year ended December 31, 2016, the Board reviewed the compensation paid to executive officers of ten other mining companies of a similar size and at a similar stage of development to the Corporation's. The comparator companies were: (i) Argonaut Gold Inc.; (ii) Atna Resources Ltd.; (iii) Aura Minerals Inc.; (iv) Dalradian Resources Inc.; (v) Guyana Goldfields Inc.; (vi) INV Metals Inc.; (vii) Trek Mining Inc.; (viii) Roxgold Inc.; (ix) Sierra Metals Inc.; and (x) Troy Resources Ltd. The companies included for comparison were selected on the basis of their location of operations (several of the companies operate in South America) and/or the nature of their operations.

At the end of each financial year, the Board reviews individual performance as well as actual Corporation performance against Corporation objectives for the financial year. The assessment of whether the objectives for 2016 were met included, but was not limited to, considering the quality and progress of the Corporation's development of the Dynasty Goldfield Project and Zaruma Gold Project, other exploration and development projects, advancements in negotiating and settling production arrangements with the Ecuadorian Government for the Dynasty Goldfield Project and Zaruma Gold Project, maintaining titles to the Corporation's concessions given the changes introduced during the transition to a new mining legislative regime in Ecuador and evaluating and pursuing potential strategic transactions. The Board, with Messrs. Washer and Piggott not participating in the decision relating to their own compensation, decided that base remuneration for the 2016 financial year should remain relatively consistent with that of the previous two financial years.

The Board also decided that no cash bonuses should be provided to NEOs for the financial year ended December 31, 2016. The basis for this decision was the importance of conserving cash during a period in which the Corporation is experiencing financial constraints.

## Risk Management

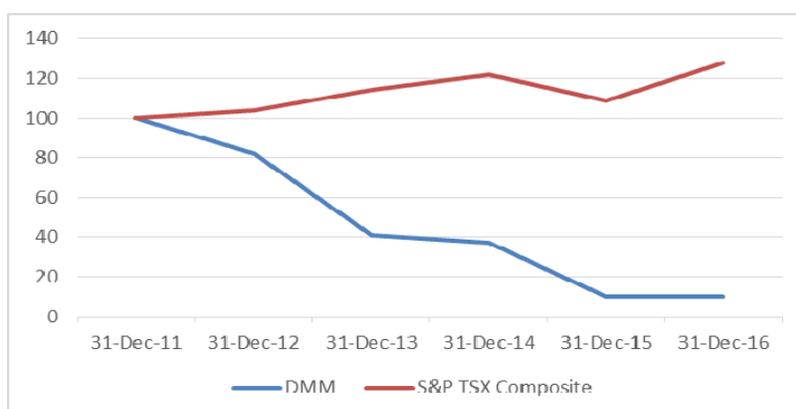
The Board considers the implications of the risks associated with the Corporation's compensation policies and practices. The Board considers the balance between the long-term objectives and short-term financial goals incorporated into the Corporation's executive compensation program and whether its executive officers are potentially encouraged to expose the Corporation to inappropriate or excessive risks. Due to the small size of the Corporation, the Board is able to closely monitor and consider any risks which may be associated with the Corporation's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which financial and other information about the Corporation is reviewed.

## Financial Instruments

NEOs are not restricted from purchasing financial instruments (including, without limitation, prepaid variable forward contracts, equity swaps, collars or units of exchange funds) designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO.

## Performance Graph

During the financial year ended December 31, 2016, the Common Shares traded on the Toronto Stock Exchange (the "TSX") under the symbol "DMM". At the close of trading on April 26, 2017, the Common Shares were delisted from the TSX, and effective at the opening of trading on April 27, 2017, the Common Shares commenced trading on the TSXV. The following chart (and note thereto) compares the cumulative shareholder return on a CDN\$100 investment in the Common Shares to the cumulative shareholder return on a CDN\$100 investment in the S&P/TSX Composite Index for the five year period ended December 31, 2016 (assuming the reinvestment of dividends). The performance of the Common Shares as set out in the graph below does not necessarily indicate future price performance.



## Comparison of Cumulative Total Return <sup>(1)</sup>

| As at December 31,      | 2011     | 2012     | 2013     | 2014     | 2015     | 2016     |
|-------------------------|----------|----------|----------|----------|----------|----------|
| DMM                     | CDN\$100 | CDN\$82  | CDN\$41  | CDN\$37  | CDN\$10  | CDN\$10  |
| S&P/TSX COMPOSITE INDEX | CDN\$100 | CDN\$104 | CDN\$114 | CDN\$122 | CDN\$109 | CDN\$128 |

### Note:

(1) Assuming an investment of CDN\$100 on December 31, 2011.

For the period from December 31, 2011 to December 31, 2016, the Common Share price decreased by 90%, compared to an increase in the S&P/TSX Composite Index of 28% during the corresponding period. During this period, the aggregate compensation to the NEOs (excluding option-based awards) increased by 40%, which is an annual equivalent percentage increase of approximately 6%. The majority of the increase related to a par rise awarded to Mr. Washer, President and CEO, during the financial year ended December 31, 2012.

## Summary Compensation Table

The following table (and notes thereto) is a summary of compensation paid to the Named Executive Officers for the three most recently completed financial years ended December 31.

| Name and Principal Position  | Year | Salary (CDN\$)         | Share-based awards (CDN\$) | Option-based awards <sup>(1)</sup> (CDN\$) | Non-equity incentive plan compensation (USD\$) |                           | Pension value (CDN\$) | All other compensation (CDN\$) | Total compensation (CDN\$) |
|--|------|------------------------|----------------------------|--|--|---------------------------|-----------------------|--------------------------------|----------------------------|
|  |      |                        |                            |  | Annual Incentive Plans                         | Long-term incentive plans |                       |                                |                            |
| Robert Washer <sup>(4)</sup><br>President and CEO                          | 2016 | Nil                    | Nil                        | 56,000 <sup>(10)</sup>                     | Nil  | N/A                       | N/A                   | 414,473 <sup>(2)</sup>         | 470,473                    |
|  | 2015 | Nil                    | Nil                        | Nil  | Nil  | N/A                       | N/A                   | 538,461 <sup>(2)</sup>         | 538,461                    |
|  | 2014 | Nil                    | Nil                        | 441,770                                    | Nil  | N/A                       | N/A                   | 461,538 <sup>(2)</sup>         | 903,308                    |
| Nicholas Furber <sup>(6)</sup><br>CFO and Corporate Secretary              | 2016 | 37,000 <sup>(3)</sup>  | Nil                        | Nil  | Nil  | N/A                       | N/A                   | Nil                            | 37,000                     |
|  | 2015 | 175,000 <sup>(3)</sup> | Nil                        | Nil  | Nil  | N/A                       | N/A                   | Nil                            | 175,000                    |
|  | 2014 | 175,000 <sup>(3)</sup> | Nil                        | 46,494                                     | Nil  | N/A                       | N/A                   | Nil                            | 221,494                    |
| Keith Piggott <sup>(5)</sup><br>President and CEO                          | 2016 | Nil                    | Nil                        | 210,000 <sup>(10)</sup>                    | Nil  | N/A                       | N/A                   | Nil                            | 210,000                    |
| Sam Wong <sup>(9)</sup><br>CFO   | 2016 | Nil                    | Nil                        | 42,000 <sup>(10)</sup>                     | Nil  | N/A                       | N/A                   | Nil                            | 42,000                     |
| Ruben Gellibert <sup>(7)</sup><br>Interim CFO, CFO and Corporate Secretary | 2016 | 59,127                 | Nil                        | Nil  | Nil  | N/A                       | N/A                   | Nil                            | 59,127                     |
|  | 2015 | Nil                    | Nil                        | Nil  | Nil  | N/A                       | N/A                   | Nil                            | Nil                        |
|  | 2014 | Nil                    | Nil                        | Nil  | Nil  | N/A                       | N/A                   | Nil                            | Nil                        |
| Hernán Moreno <sup>(8)</sup><br>Interim CFO                                | 2016 | Nil                    | Nil                        | Nil  | Nil  | N/A                       | N/A                   | Nil                            | Nil                        |

**Notes:**

- (1) The "grant date fair value" has been determined by using the Black-Scholes-Merton model. All options were granted with an exercise price equal to the market price of the Common Shares on the date of grant. Accordingly, the values shown for these options are not in-the-money value at the time of grant, but the theoretical value of the options at that time based on the Black-Scholes-Merton option pricing formula and converted into United States dollars using the exchange rate in effect at the time of the grant. Key assumptions and estimates used in the model include an expected option life of between three to five years, a discount rate based on average yields of two-year and three-year Government of Canada benchmark bonds and a volatility ranging from 53% to 85% based on historical volatility of the stock price of the Corporation for the three to five year period immediately preceding the grant date. Please refer to the "Outstanding Option-Based and Share-Based Awards" table below for the in-the-money value of such options as at December 31, 2016.
- (2) Consulting fee paid to Minera as described below.
- (3) The Corporation paid a salary of CDN\$175,000 per annum for the financial years ended December 31, 2016 (prorated), 2015 and 2014 to Nicholas Furber for his role as CFO and Corporate Secretary.
- (4) Mr. Washer resigned as President and CEO of the Corporation effective September 9, 2016.
- (5) Mr. Piggott was appointed as President and CEO of the Corporation effective September 9, 2016.
- (6) Mr. Furber resigned as CFO and Corporate Secretary effective March 14, 2016.
- (7) Mr. Gellibert was appointed as Interim CFO and Corporate Secretary of the Corporation on March 14, 2016 and was appointed as CFO of the Corporation on May 13, 2016. Mr. Gellibert resigned as CFO and Corporate Secretary effective July 8, 2016.
- (8) Mr. Moreno was appointed as Interim CFO of the Corporation effective August 23, 2016. Mr. Moreno resigned as Interim CFO effective September 9, 2016.
- (9) Mr. Wong as appointed as CFO of the Corporation effective September 9, 2016.
- (10) The reported stock options vest and are exercisable as follows: (i) 25% on December 7, 2016; (ii) 25% on June 7, 2017; (iii) 25% on December 7, 2017; and (iv) 25% on June 7, 2018.

The Corporation and its wholly-owned subsidiary Elipe S.A. ("**Elipe**") entered into a consulting agreement dated January 1, 2004 with Mr. Washer, the former President and CEO of the Corporation and a current director of the Corporation and Minera. Minera is a private Ecuadorian company managed by Mr. Washer. Pursuant to the agreement: (i) Minera is engaged to provide the duties and responsibilities normally performed by a president and chief executive officer of a Canadian public company, to provide the duties and responsibilities normally performed by the general manager of a private Ecuadorian exploration company and to provide management and administrative consulting services to the Corporation and Elipe; and (ii) Mr. Washer is to hold the offices of President and CEO of the Corporation, President of Empire Sun Investments Limited ("**Empire Sun**"), another wholly-owned subsidiary of the Corporation, and General Manager of Elipe, as well as serve as a director of the Corporation and of Empire Sun, if so appointed or elected. The agreement had an initial term of three years and is automatically renewable at the end of such term, unless earlier terminated. Any party may terminate the agreement by providing the other parties with 90 days' prior written notice. During the financial year ended December 31, 2016, the Corporation and its subsidiaries and affiliates paid Minera a management fee equal to USD\$35,000 per month.

Nicholas Furber resigned as CFO and Corporate Secretary of the Corporation effective March 14, 2016. Following Mr. Furber's resignation, the Corporation appointed Ruben Gellibert as Interim CFO and Corporate Secretary of the Corporation effective March 14, 2016, and subsequently appointed him as CFO effective May 13, 2016. Mr. Gellibert resigned as CFO and Corporate Secretary of the Corporation effective July 8, 2016. Hernán Moreno was appointed as Interim CFO of the Corporation effective August 23, 2016. Mr. Moreno resigned as Interim CFO and Sam Wong was appointed CFO of the Corporation effective September 9, 2016.

### ***Incentive Plan Awards***

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

The following table (and notes thereto) sets out the number and value of incentive stock options (option-based awards) held by each NEO as of December 31, 2016. The closing price of the Common Shares trading on the TSX on December 31, 2016 was CDN\$0.215. There were no share-based awards outstanding as of December 31, 2016.

| Name            | Option-based Awards                                     |                               |  |   | Share-based Awards   |   |   |
|-----------------|---|-------------------------------|--|---|--|---|---|
|                 | Number of securities underlying unexercised options (#) | Option exercise price (CDN\$) | Option expiration date                                 | Value of unexercised in-the-money options (CDN\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (CDN\$) | Market or payout value of vested share-based awards not paid out or distributed (CDN\$) |
| Robert Washer   | 400,000 <sup>(1)</sup><br>750,000<br>1,000,000          | 0.23<br>0.64<br>0.92          | December 7, 2021<br>July 16, 2018<br>November 21, 2019 | Nil<br>Nil<br>Nil                                 | N/A  | N/A   | N/A   |
| Nicholas Furber | Nil   | N/A                           | N/A  | Nil   | N/A  | N/A   | N/A   |
| Keith Piggott   | 1,500,000 <sup>(1)</sup>                                | 0.23                          | December 7, 2021                                       | N/A   | N/A  | N/A   | N/A   |
| Sam Wong        | 300,000 <sup>(1)</sup>                                  | 0.23                          | December 7, 2021                                       | N/A   | N/A  | N/A   | N/A   |
| Ruben Gellibert | Nil   | N/A                           | N/A  | N/A   | N/A  | N/A   | N/A   |
| Hernán Moreno   | Nil   | N/A                           | N/A  | N/A   | N/A  | N/A   | N/A   |

#### **Notes:**

(1) The reported stock options vest and are exercisable as follows: (i) 25% on December 7, 2016; (ii) 25% on June 7, 2017; (iii) 25% on December 7, 2017; and (iv) 25% on June 7, 2018.

#### **Incentive Plan Awards - Value Vested or Earned During the Year**

The following table (and notes thereto) sets out information concerning the value of incentive plan awards, including option-based and non-equity incentive plan compensation, vested or earned during the financial year ended December 31, 2016 for each NEO:

| Name            | Option-based awards – Value vested during the year (CDN\$) | Share-based awards – Value vested during the year (CDN\$) | Non-equity incentive plan compensation – Value earned during the year (CDN\$) |
|-----------------|--|---|---|
| Robert Washer   | Nil  | N/A   | Nil   |
| Nicholas Furber | Nil  | N/A   | Nil   |
| Keith Piggott   | Nil  | N/A   | Nil   |
| Sam Wong        | Nil  | N/A   | Nil   |
| Ruben Gellibert | Nil  | N/A   | Nil   |
| Hernán Moreno   | Nil  | N/A   | Nil   |

### ***Pension Plan Benefits***

The Corporation does not have any pension, retirement, defined benefit, defined contribution or actuarial plans.

### ***Termination and Change of Control Benefits***

The Stock Option Plan provides that if a Change of Control (as defined below) occurs, all outstanding unvested options will become vested and exercisable in whole or in part by an optionee.

Following Mr. Furber's resignation as CFO and Corporate Secretary of the Corporation, and following Mr. Washer's resignation as CEO, except for the Stock Option Plan, the Corporation has no compensatory plan or arrangement with respect to any NEO to compensate such NEO in the event of the resignation, retirement or any other termination of employment, a Change of Control of the Corporation or any of its subsidiaries or in the event of a change in responsibilities following a Change of Control.

A "**Change of Control**" is defined in the Stock Option Plan as the acquisition by any person or by any person and all Joint Actors, as defined below, whether directly or indirectly, of voting securities (as defined in the *Securities Act* (British Columbia)) of the Corporation, which, when added to all other voting securities of the Corporation at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Corporation or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board. A "**Joint Actor**" means a person acting "jointly or in concert with" another person as that phrase is interpreted in section 1.9 of Multilateral Instrument 62-104 - *Take-over Bids and Issuer Bids*.

### ***Director Compensation***

Non-executive directors are not compensated for their services, except through the granting of incentive stock options which are provided in lieu of Board and committee meeting attendance fees. The granting of incentive stock options provides a link between director compensation and the Common Share price. Stock options are generally awarded to directors when they are first elected by Shareholders or appointed by the Board and periodically thereafter. In making a determination as to whether a grant of long-term incentive stock options is appropriate, and if so, the number of options that should be granted, the Board as a whole gives consideration to: (i) the number and terms of outstanding incentive stock options held by the director; (ii) current and expected future contributions of the director; (iii) the potential dilution to Shareholders and the cost to the Corporation; (iv) general industry standards; and (v) the limits imposed by the terms of the Stock Option Plan. The Corporation currently considers the granting of incentive stock options to be the best method of compensating directors as it allows the Corporation to reward each director's efforts to increase value for Shareholders without requiring the Corporation to use cash from its treasury.

The following table (and notes thereto) sets out the compensation paid or payable to each non-executive directors of the Corporation for the financial year ended December 31, 2016. Disclosure for Messrs. Washer and Piggott, who are each a director as well as an NEO, is provided in the "Summary Compensation" table for NEOs above.

| Name                          | Fees earned             | Share-based awards | Option-based awards (CDN\$) | Non-equity incentive plan compensation | Pension Value | All other compensation | Total (CDN\$) |
|-------------------------------|-------------------------|--------------------|-----------------------------|--|---------------|------------------------|---------------|
| Mark H. Bailey                | \$19,736 <sup>(5)</sup> | N/A                | \$49,000 <sup>(7)</sup>     | N/A                                    | N/A           | Nil                    | \$68,736      |
| Leonard Clough                | \$19,736 <sup>(6)</sup> | N/A                | \$49,000 <sup>(7)</sup>     | N/A                                    | N/A           | Nil                    | \$68,736      |
| Edison Lopez <sup>(1)</sup>   | Nil                     | N/A                | Nil                         | N/A                                    | N/A           | Nil                    | Nil           |
| Brian Speechly <sup>(2)</sup> | Nil                     | N/A                | Nil                         | N/A                                    | N/A           | Nil                    | Nil           |
| Gregg Sedun <sup>(3)</sup>    | Nil                     | N/A                | \$105,000 <sup>(7)</sup>    | N/A                                    | N/A           | Nil                    | \$105,000     |
| Javier Reyes <sup>(4)</sup>   | Nil                     | N/A                | \$105,000 <sup>(7)</sup>    | N/A                                    | N/A           | Nil                    | \$105,000     |

#### **Notes:**

- (1) Mr. Lopez resigned as a director of the Corporation effective September 9, 2016.
- (2) Mr. Speechly resigned as a director of the Corporation effective September 9, 2016.
- (3) Mr. Sedun was appointed as lead director of the Corporation effective September 9, 2016.
- (4) Mr. Reyes was appointed as a director of the Corporation effective September 9, 2016.
- (5) Mr. Bailey received USD\$12,500 in connection with his role as a member of the Special Committee of the Board.
- (6) Mr. Clough received USD\$12,500 in connection with his role as a member of the Special Committee of the Board.
- (7) The reported stock options vest and are exercisable as follows: (i) 25% on December 7, 2016; (ii) 25% on June 7, 2017; (iii) 25% on December 7, 2017; and (iv) 25% on June 7, 2018.

### Director Outstanding Option-based Awards

To encourage directors of the Corporation to align their interests with Shareholders, directors are granted incentive stock options pursuant to the Stock Option Plan from time to time. The closing price of the Common Shares trading on the TSX on December 31, 2016 was CDN\$0.215. The following table (and notes thereto) sets out outstanding option-based awards and share-based awards for each non-executive directors of the Corporation for the financial year ended December 31, 2016. Disclosure for Messrs. Washer and Piggott, who are each a director as well as an NEO, is provided in the "Outstanding Option-based and Share-based Awards" table for NEOs above. There were no share-based awards outstanding as of December 31, 2016.

| Name           | Option-based Awards                                     |                               |  |   | Share-based Awards                                       |   |   |
|----------------|---|-------------------------------|--|---|--|---|---|
|                | Number of securities underlying unexercised options (#) | Option exercise price (CDN\$) | Option expiration date                                 | Value of unexercised in-the-money options (CDN\$) | 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 |
| Mark H. Bailey | 350,000 <sup>(1)</sup><br>125,000<br>210,000            | 0.23<br>0.64<br>0.92          | December 7, 2021<br>July 16, 2018<br>November 21, 2019 | Nil<br>Nil<br>Nil                                 | N/A  | N/A   | N/A   |
| Leonard Clough | 350,000 <sup>(1)</sup><br>125,000<br>143,000            | 0.23<br>0.64<br>0.92          | December 7, 2021<br>July 16, 2018<br>November 21, 2019 | Nil<br>Nil<br>Nil                                 | N/A  | N/A   | N/A   |
| Edison Lopez   | Nil   | N/A                           | N/A  | Nil   | N/A  | N/A   | N/A   |
| Brian Speechly | Nil   | N/A                           | N/A  | Nil   | N/A  | N/A   | N/A   |
| Gregg Sedun    | 750,000 <sup>(1)</sup>                                  | 0.23                          | December 7, 2021                                       | Nil   | N/A  | N/A   | N/A   |
| Javier Reyes   | 750,000 <sup>(1)</sup>                                  | 0.23                          | December 7, 2021                                       | Nil   | N/A  | N/A   | N/A   |

#### Notes:

(1) The reported stock options vest and are exercisable as follows: (i) 25% on December 7, 2016; (ii) 25% on June 7, 2017; (iii) 25% on December 7, 2017; and (iv) 25% on June 7, 2018.

### Director Value Vested or Earned During the Year

The following table (and notes thereto) sets out for each non-executive director of the Corporation information concerning the value of incentive plan awards, including option-based and non-equity incentive plan compensation, vested or earned during the financial year ended December 31, 2016. Disclosure for Messrs. Washer and Piggott, who are each a director as well as an NEO, is provided in the "Incentive Plan Awards – Value Vested or Earned During the Year" table for NEOs above.

| Name           | Option-based awards – Value vested during the year (CDN\$) | Share-based awards – Value vested during the year (CDN\$) | Non-equity incentive plan compensation – Value earned during the year (CDN\$) |
|----------------|--|---|---|
| Mark H. Bailey | Nil  | N/A   | Nil   |
| Leonard Clough | Nil  | N/A   | Nil   |
| Edison Lopez   | Nil  | N/A   | Nil   |
| Brian Speechly | Nil  | N/A   | Nil   |
| Gregg Sedun    | Nil  | N/A   | Nil   |
| Javier Reyes   | Nil  | N/A   | Nil   |

### Retirement Policy for Directors

The Corporation does not have a retirement policy for its directors.

### *Directors' and Officers' Liability Insurance*

The Corporation has purchased, for the benefit of the Corporation, its subsidiaries and their directors and officers, insurance against liability incurred by the directors or officers in their capacity as directors or officers of the Corporation or its subsidiaries (the "**Directors' and Officers' Liability Insurance**"). The Directors' and Officers' Liability Insurance has been paid for the period of June 2017 to June 2018 and the following is a summary of the premiums paid:

| <b>For The Period</b>  | <b>Coverage</b>                      | <b>Premium Per Year</b> | <b>total amount of insurance (subject to Policy deductibles)</b> |
|------------------------|--------------------------------------|-------------------------|--|
| June 2017 to June 2018 | Director/Officer Liability Insurance | CAD\$35,000             | \$10,000,000 Per Claim Limit & Policy Period                     |

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

The Corporation adopted the Stock Option Plan which is a "fixed" ceiling incentive stock option plan. Under the Stock Option Plan, 8,492,216 common shares are reserved to grant incentive stock options to its directors, officers, employees and consultants of the Corporation or its subsidiaries. The Stock Option Plan was approved by Shareholders of the Corporation on May 15, 2013.

The following table sets forth as at the year ended December 31, 2016 the number of securities authorized for issuance under the Stock Option Plan Plan.

| <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>Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in the first column)</b> |
|--|--|--|---|
| Equity compensation plans approved by security holders     | 8,268,000  | \$0.40   | 224,216   |
| Equity compensation plans not approved by security holders | Nil  | Nil  | Nil   |
| <b>Total</b>   | <b>8,268,000</b>   | <b>\$0.40</b>  | <b>224,216</b>  |

***Notes:***

As at December 31, 2016, there were 8,268,000 options issued and outstanding under the Stock Option Plan, representing 9.662% of the Corporation's issued and outstanding Common Shares (as of December 31, 2016).

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

#### ***Aggregate Indebtedness***

The following table sets out the aggregate indebtedness outstanding as of the date of this Circular of all current and former executive officers, directors and employees of the Corporation or its subsidiaries.

| <b>Purpose</b>  | <b>To the Corporation or its Subsidiaries</b> | <b>To Another Entity</b> |
|-----------------|---|--------------------------|
| Share purchases | Nil   | Nil                      |
| Other           | Nil   | Nil                      |

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

The following table sets out the indebtedness of each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Corporation, each proposed director, and each associate of such persons, (a) who is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Corporation or any of its subsidiaries, or (b) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries:

| Name and Principal Position         | Involvement of Corporation or Subsidiary | Largest Amount Outstanding During Year Ended December 31, 2016 (\$) | Amount Outstanding as at July 13, 2017 (\$) | Financially Assisted Securities Purchases During Year Ended December 31, 2016(#) | Security for Indebtedness | Amount Forgiven During Year Ended December 31, 2016 (\$) |
|-------------------------------------|--|---|---|--|---------------------------|--|
| <b>Securities Purchase Programs</b> |  |   |   |  |                           |  |
| N/A                                 | N/A                                      | Nil   | Nil   | Nil  | Nil                       | Nil  |
| <b>Other Programs</b>               |  |   |   |  |                           |  |
| N/A                                 | N/A                                      | Nil   | Nil   | Nil  | Nil                       | Nil  |

## INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Circular, "informed person" means:

- (a) a director or executive officer of the Corporation;
- (b) a director or executive officer of a person or Corporation that is itself an informed person or subsidiary of the Corporation;
- (c) any person or Corporation who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than voting securities held by the person or Corporation as underwriter in the course of a distribution; and
- (d) the Corporation if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

Except as set forth hereafter, no informed person of the Corporation, any proposed director, or any of their associates or affiliates, has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

Other than as described below, in the three most recently completed financial years or the current financial year, no director, officer, insider or associate or affiliate of any director, officer or insider of the Corporation had or is expected to have any material interest, direct or indirect in any transactions with the Corporation that materially affected or would materially affect the Corporation. All related party transactions are detailed in the Corporation's Management Discussion & Analysis for the financial year ended December 31, 2016.

Please note that transactions are translated at applicable average exchange rates but monetary assets and liabilities are translated at appropriate period end exchange rates. Accordingly while balance continuity can be reconciled in the original currency differences will arise due to translation in the amounts reported in US dollars.

### *Transactions with related parties during the years ended December 31, 2016, 2015 and 2014*

As at December 31, 2016, trade and other accounts payable include \$315,000 (2015 - \$221,000; 2014 - \$25,248) owing to a director and/or officer and/or companies controlled by the directors.

Amounts owing to or from related parties are non-interest bearing, unsecured and due on demand. Transactions with related parties for goods and services are made on normal commercial terms.

All of the above transactions with related parties are measured at the exchange amounts, which are the amounts of consideration established and agreed to by the related parties. Unless specifically noted as being included in "Due to related party" or "Loans payable", all liabilities to related parties are included in "Accounts payable and accrued liabilities".

## MANAGEMENT CONTRACTS

For a description of the management contract between the Corporation, Elipe, Mr. Washer and Minera, please see "Executive Compensation – Summary Compensation Table" above. Minera's office address is 9<sup>th</sup> Floor, Av. Amazonas 4080 y Union Nacional de Periodistas, Quito, Ecuador.

Except as stated above, management functions of the Corporation are substantially performed by employees of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of the Corporation, as a whole, is responsible for reviewing the overall governance principles of the Corporation and is responsible for any governance issues that may arise. National Instrument 58-101 - *Disclosure of Corporate Governance Practices* requires each reporting issuer to disclose its corporate governance practices on an annual basis. The following describes the Corporation's corporate governance practices.

| Corporate Governance Disclosure Requirement  | Comments   |
|--|--|
| <b>1. Board of Directors</b>   |  |
| (a) Disclose the identity of directors who are independent.  | As of the date of this Circular, the independent directors of the Corporation are Messrs. Bailey, Clough, Reyes and Sedun  |
| (b) Disclose the identity of directors who are not independent, and describe the basis for that determination.   | Robert Washer is not independent as he is currently the Corporation's Chairman of the Board.<br><br>Keith Piggott is not independent as he is currently the Corporation's President and CEO.<br><br>All of the above have a material relationship with the Corporation. A material relationship is defined in National Instrument 52-110 – <i>Audit Committees</i> to mean any relationship, which could in the view of the board, or reasonably expected to interfere with the exercise of his or her independent judgment. |
| (c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the Board does to facilitate its exercise of independent judgment in carrying out its responsibilities.   | As of the date of this Circular a majority of the directors of the Corporation are considered independent. There are currently two out of six directors who are non-independent.   |
| (d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.   | Directorships of the directors of the Corporation are set out in this Circular in the table under the heading <i>Election of Directors and Other Directorships</i> .   |
| (e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors. | The current independent directors do not hold such meetings. To facilitate open and candid discussions among its independent directors, the independent members meet via ad-hoc meetings as required.  |
| (f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.   | The Chairman, Robert Washer is not an independent director. Gregg J. Sedun currently serves as the Corporation's Lead Director.  |
| (g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.  | The attendance of each director for all board and committee meetings between January 1, 2016 to December 31, 2016 is set out in the table under the heading " <i>Attendance of Directors at Board and Committee Meetings</i> "   |

## 2. Board Mandate

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities

The Board does not have a written mandate. However, it is required to supervise the management of the business and affairs of the Corporation and to act with a view to the best interests of the Corporation. The Board actively oversees the development, adoption and implementation of the Corporation's strategies and plans. The Board's responsibilities include:

- to the extent feasible, satisfying itself as to the integrity of the CEO and other executive officers and that the executive officers create a culture of integrity throughout the Corporation,
- the Corporation's strategic planning process,
- the identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage risk,
- the Corporation's succession planning, including appointing, training and monitoring senior management,
- the Corporation's major business development initiatives,
- the integrity of the Corporation's internal control and management information systems,
- the Corporation's policies for communicating with shareholders and others, and
- the general review of the Corporation's results of operations.

The Board considers that certain decisions are sufficiently important that management should seek prior approval of the Board. Such decisions include:

- approval of the annual capital budget and any material changes to the operating budget,
- approval of the Corporation's business plan,
- acquisition of, or investments in, new business,
- changes in the nature of the Corporation's business,
- changes in senior management, and
- all matters as required under the *Business Corporations Act* (Yukon).

## 3. Position Descriptions

(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

The Board does not have written position descriptions for the chairman of the Board or the chairman of the Audit Committee. The Board is currently of the view that the respective corporate governance roles of the Board and the Audit Committee are clear and that the limits to management's responsibility and authority are well-defined.

(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Board does not have a written position description for the CEO, but considers the CEO to be primarily responsible for carrying out all strategic plans and policies as established by the Board. The CEO reports to the Board and advises and makes recommendations to the Board. The CEO facilitates communication between the Board and other members of management and employees, and between the Corporation and its shareholders.

## 4. Orientation and Continuing Education

(a) Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.

Board turnover is relatively rare. As a result, the Board provides *ad hoc* orientation for new directors.

On occasions where it is considered advisable, the Board will provide directors with information regarding topics of general interest, such as fiduciary duties and continuous disclosure obligations. The Board also ensures that each director is up-to-date with current information regarding the business of the Corporation, the role the director is expected to fulfil and basic procedures and operations of the Board. Board members are also given access to management and other employees and advisors, who can answer any questions that may arise

**4. Orientation and Continuing Education (Continued)**

- (b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

Refer to 4(a) above.

**5. Ethical Business Conduct**

- (a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:

The Board has not adopted a written code of conduct for its directors, officers and employees. If a director is in a conflict of interest or potential conflict of interest as a result of a proposed contract, that director may not participate in or be permitted to hear the discussion of the matter at any meeting of directors except to disclose material facts and respond to questions. The director will not be counted in determining the presence of a quorum for purposes of the vote and will not vote on any resolution to approve the proposed contract or be present in the meeting room when the vote is taken.

Directors are also required to comply with the relevant provisions of the *Business Corporations Act* (Yukon) and the TSXV Manual regarding conflicts of interest.

- (i) disclose how a person or Corporation may obtain a copy of the code;

The Board has not adopted a written code of conduct for its directors, officers and employees.

- (ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and

The Board does not monitor compliance. The Board is satisfied that each Director will take his finitary and be responsibilities to comply with the relevant provisions of the *Business Corporations Act* (Yukon) and the TSXV Manual regarding conflicts of interest.

- (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

No material change report has been filed since January 1, 2016 (the commencement of the year ended December 31, 2016), or ever, that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

- (b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

If a director or executive officer has an interest in any transaction or agreement before the board, the interested directors or executive officers must abstain from voting on such issues or topics. Each director must disclose all actual or potential conflicts of interest to the Board or the Audit Committee.

**6. Nominations of Directors**

- (a) Describe the process by which the board identifies new candidates for board nomination.

The Board as a whole is responsible for developing a process for considering what competencies and skills the directors should possess and what competencies and skills each existing director possesses. The Board will conduct periodic reviews of the appropriate size of the Board, with a view to facilitating effective decision-making. The Board, as a whole, is also responsible for analyzing its needs when vacancies arise and identifying and proposing new nominees who have the necessary competencies and characteristics to meet such needs. The candidate may be identified by management, through the retention of advisors or other referral sources.

- (b) Disclose whether or not the board has a nominating committee composed of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

The Corporation does not have a nominating committee. Instead, the Board as a whole is responsible for developing a process for considering what competencies and skills the directors should possess and what competencies and skills each existing director possesses. The Board will conduct periodic reviews of the appropriate size of the Board, with a view to facilitating effective decision-making. The Board, as a whole, is also responsible for analyzing its needs when vacancies arise and identifying and proposing new nominees who have the necessary competencies and characteristics to meet such needs.

**Corporate Governance Disclosure Requirement****Comments****6. Nominations of Directors (Continued)**

- (c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee. Also describe if the Corporation implements a majority voting policy for its directors.
- The Corporation does not have a nominating committee.
- The Board has adopted a majority voting policy, which requires, at uncontested shareholder meetings, that any nominee for director who has more votes withheld than are voted in favour of him or her shall submit his or her resignation to the Board, effective on the acceptance of the Board. The Board will promptly accept the resignation unless the Board determines that there are exceptional circumstances relating to the composition of the Board or the voting results or otherwise that should delay the acceptance of the resignation or justify rejecting it. In any event, the resignation shall be accepted, absent such exceptional circumstances, within 90 days of the Meeting.

**7. Compensation**

- (a) Describe the process by which the board determines the compensation for the issuer's directors and officers.
- The Board as a whole is responsible for discussing and determining the directors and officers compensation, with reference to the general objectives of the Corporation's compensation strategy. The Board also makes decisions with respect to executive officer and director compensation, incentive-compensation plans and equity-based plans. The Board reviews executive compensation disclosure before the Corporation publicly discloses the information. The Board also evaluates the CEO's performance in relation to the achievement of corporate objectives.
- (b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.
- The Corporation does not have a compensation committee. In order to determine the compensation remunerated, management reviews the medium of comparable companies and provides the data to the Board for consideration.
- (c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.
- The Corporation does not have a compensation committee. Refer to 7 (a) and 7(b) above.
- (d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in advising the compensation committee in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.
- During the year ended December 31, 2016, the Corporation did not retain the services of a compensation consultant.

**8. Other Board Committees**

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

There is one additional committee which is the Special Committee.

The Special Committee was established during the first quarter of 2016. The Special Committee was comprised of Leonard Clough and Mark H. Bailey for the year ended December 31, 2016. Mr. Brian Speechly was a member of the Special Committee until his resignation on September 9, 2016. The Special Committee was established to consider strategic alternatives available to the Corporation with a view to enhancing shareholder value. Strategic alternatives may include, but are not limited to, the sale of the Corporation, merger or other business combination, recapitalization, sale of all or a portion of the Corporation's assets, or any combination thereof, or continued execution of its business plan, among all other alternatives. The Special Committee held two scheduled meetings in 2016 and several ad hoc meetings, and reviewed and approved the US\$4 million private placement that closed on September 9, 2016 and related transactions that provided additional capitalization and resulted in a new management team for the Corporation. The Special Committee has since been suspended.

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The entire Board is responsible for assessing the effectiveness of the Board, its members and the Audit Committee. Directors who serve as directors for other public companies utilize that experience when assessing the Board, its members and the Audit Committee. Assessments are not performed on an Ad-Hoc basis.

### ***Other Directorships***

Certain directors of the Corporation are also presently directors of other issuers that are reporting issuers (or the equivalent) in Canada or elsewhere. With respect to these interlocking board memberships, it is the Board's view that the mining community at the highest levels is closely connected and that in order for the Corporation's directors to maintain these connections, which are in the best interests of the Corporation, directors of the Corporation should be permitted to serve on other boards of directors, including in some cases, the same board. The current Board is satisfied that it has a system for dealing with conflicts of interest if any were to arise. In addition to their positions, the following current directors also served as directors of the following reporting issuers or reporting issuer equivalent(s):

| <b>Name of Director</b> | <b>Reporting Issuer(s) or Equivalent(s)</b>                           | <b>Position</b>   |
|-------------------------|---|---|
| Mark H. Bailey          | Northern Lion Gold Corp.<br>Entrée Gold Inc.<br>Mason Resources Corp. | Director<br>Director<br>Director                        |
| Leonard Clough          | Nomad Ventures Inc.   | Director  |
| Keith Piggott           | Goldgroup Mining Inc.   | Chairman, President, Chief Executive Officer & Director |
| Javier Reyes            | Goldgroup Mining Inc.<br>Candelaria Mining Corp. – Director           | Director<br>Director                                    |

### **ATTENDANCE OF DIRECTORS AT BOARD AND COMMITTEE MEETINGS**

The Corporation has previously disclosed all attendance at Board meetings and committee meeting attendance. Please refer to "Election of Director" as to Board meetings and committee meeting attendance.

### **TERM LIMITS AND REPRESENTATION OF WOMEN ON THE BOARD**

At this time, there are no directors on the Board who are women. The Corporation has not adopted term limits for the directors of the Corporation, a written policy relating to the identification and nomination of women directors, or a target regarding women on the Board and women in executive officer positions. In addition, the Board has not considered the level of representation of women on the Board in identifying and nominating candidates for election and re-election. The Board believes that the imposition of director term limits on a board may discount the value of experience and continuity amongst board members and runs the risk of excluding experienced and potentially viable board members. The Board relies on an annual director assessment procedure in evaluating Board members and believes that it can best strike the right balance between continuity and fresh perspectives without mandated term limits.

While the Board has not adopted a written policy nor targets relating to the identification and nomination of women directors, the Board does take into consideration a nominee's potential to contribute to diversity within the Board. The Corporation ensures the most talented and strongest leaders are recruited, developed and retained to achieve its business objectives and recognizes the value of diversity, including knowledge, experience, skills, expertise, gender and background in making its decisions.

### **APPOINTMENT AND REMUNERATION OF AUDITOR**

Shareholders will be asked to approve the re-appointment of Davidson & Company LLP, Chartered Professional Accountants ("**Davidson**"), of Vancouver, British Columbia, as the auditors of the Corporation, and to authorize the Board to fix their remuneration.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote "FOR" the re-appointment of Davidson as auditors of the Corporation for the ensuing year and "FOR" the authorization of the Board to fix the remuneration to be paid to the auditors.

### ***Recommendation of the Board***

**The Board recommends that the Shareholders vote for the re-appointment of Davidson as the auditors of the Corporation for the ensuing year and the authorization of the Board to determine the remuneration to be paid to the auditors.**

## RESTRICTED SECURITIES

The Corporation has no other classes of voting securities and does not have any classes of restricted securities.

### PARITCULARS OF MATTER TO BE ACTED UPON

#### ADOPTION OF ROLLING STOCK OPTION PLAN

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution (the "**2017 Option Plan Resolution**") approving the adoption and ratification of the Corporation's new 2017 stock option plan (the "**2017 Option Plan**"). The Stock Option Plan, was previously adopted by the Corporation and approved by the Shareholders at the May 15, 2013 annual general and special meeting of Shareholders.

The Stock Option Plan is a "fixed" ceiling incentive stock option plan. Under the Stock Option Plan, 8,492,216 Common Shares are reserved for issuance upon the exercise of options. This number represents 9.66% of the issued and outstanding Common Shares as at the date of this Circular. Options to purchase 8,268,000 Common Shares are outstanding as of the date of this Circular (9.4% of the issued and outstanding Common Shares). There are 224,216 Common Shares available for future option awards (0.26% of the issued and outstanding Common Shares).

Management seeks to adopt the 2017 Option Plan to ensure that the Corporation's stock option plan conforms to requirements of the TSXV and best practices regarding security based compensation arrangements and to attract new expertise personnel to the Corporation. If the 2017 Option Plan is adopted by the Shareholders, it will replace the Stock Option Plan in its entirety. The total number of Common Shares that may be reserved for issuance will be 10% of the outstanding issued Common Shares at the time of grant, less any Common Shares reserved for issuance pursuant to the grant of stock options under any other share compensation arrangements.

#### *Summary of the 2017 Option Plan*

A summary of the terms of the 2017 Option Plan is set out below. The full text of the 2017 Option Plan is set forth in Schedule "A" of this Circular.

Employees, officers, directors (subject to limitations) and consultants of the Corporation or any of its subsidiaries will be eligible to participate in the 2017 Option Plan, which is intended to continue to achieve a number of objectives through the grant of stock options including:

1. attracting, retaining and motivating qualified directors, employees and consultants; and
2. aligning the interests of directors, employees and consultants with those of the Shareholders.

The 2017 Option Plan has the following key features:

- (a) The options are non-assignable and non-transferable (except that the Optionee's heirs or administrators can exercise any portion of the outstanding option, up to one year from the Optionee's death).
- (b) The number of Common Shares subject to each option is determined by the Board provided that the 2017 Option Plan, together with all other previously established or proposed share compensation arrangements may not, during any 12 month period, result in:
  - (i) the number of options granted to any one Person exceeding 5% of the issued Common Shares, unless the Corporation has obtained Disinterested Shareholder Approval;
  - (ii) no options can be granted under the 2017 Option Plan if the Corporation is on notice from the TSXV to transfer its listed shares to the NEX;
  - (iii) the number of options granted to any one Consultant exceeding 2% of the issued 2017 Option Plan, unless the Corporation has obtained the prior consent of the TSXV; or
  - (iv) the number of options granted to all Persons retained to provide Investor Relations Activities exceeding 2% of the issued 2017 Option Plan, unless the Corporation has obtained the prior consent of the TSXV.

- (c) The exercise price of an option may not be set at less than Discounted Market Price.
- (d) The options may be exercisable for a period of up to 10 years, (subject to extension where the expiry date falls within a Blackout Period).
- (e) Disinterested Shareholder Approval will be obtained for any reduction in the exercise price if the Optionee is an Insider of the Corporation at the time of the proposed amendment.
- (f) If a Participant is terminated within 12 months of a Change of Control, for any reason other than for cause, voluntary resignation, death or Disability, each option held by the Participant that is not fully vested on the date on which the Participant is terminated, shall vest immediately and any and all Options held by that Participant shall be immediately exercisable up to, but not after, the date which is earlier of the Expiry Date and 60 days after the date such person is terminated.

The Board has the authority in its discretion to set the terms and conditions of vesting provisions at the time of grant. Capitalized terms referenced in the above summary which are not otherwise defined in this Circular are defined in the 2017 Option Plan.

### ***The Option Plan Resolution***

In accordance with the policies and requirements of the TSXV, the 2017 Option Plan must be approved by the Shareholders in order to become effective.

The complete text of the 2017 Option Plan Resolution, which the Corporation intends to place before the Shareholders at the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

**"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. the 2017 Stock Option Plan in substantially the form contained in Schedule "A" of the Circular which conforms with the rules and policies of the TSXV, as applicable, be and is hereby approved and adopted;
2. the number of Common Shares issuable pursuant to the 2017 Option Plan be set at 10% of the outstanding issued Common Shares from time to time, subject to any limitations imposed by applicable regulations, laws, rules and regulations;
3. the Board is authorized on behalf of the Corporation to make any further amendments to the 2017 Option Plan as may be required by applicable regulatory authorities, without requiring further approval of the Shareholders, in order to ensure adoption of the 2017 Option Plan;
4. the Corporation is authorized to file the 2017 Option Plan with the TSXV for acceptance, and the implementation of the 2017 Option Plan is subject to the receipt of such approval; and
5. any one or more directors or officers of the Corporation, for and on behalf of the Corporation, is authorized and directed, to take all necessary steps and proceedings, and to execute, deliver and file any and all applications, declarations, documents and other instruments and do all such other acts or things that may be necessary or desirable to give effect to the provisions of this resolution."

If the 2017 Option Plan is approved by Shareholders at the Meeting, all options granted following such approval will be subject to, and will vest in accordance with, the terms and conditions of the 2017 Option Plan and the option agreements applicable thereto. All outstanding options granted under the Stock Option Plan will continue to be governed by, and will vest in accordance with, the terms and conditions of the Stock Option Plan and the option agreements pursuant to which such options were issued.

### *Recommendation of the Board*

The Board has determined that approval of the 2017 Option Plan is in the best interests of the Corporation and unanimously recommends that the Shareholders vote in favour of the 2017 Option Plan Resolution. In order to be approved, the 2017 Option Plan Resolution must be passed by a simple majority of the votes cast by the Shareholders at the Meeting. Unless a Shareholder has specified in the enclosed form of proxy that the Common Shares represented by such proxy are to be voted against the Option Plan Resolution, the persons named in the enclosed form of proxy will vote "FOR" the Option Plan Resolution.

### **CHANGE OF NAME FROM "DYNASTY METALS & MINING INC." TO "CORE GOLD INC."**

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Name Change Resolution**") to change the name of the Corporation from "Dynasty Metals & Mining Inc." to "Core Gold Inc." (the "**Name Change**"), or such other name as the Board, in its sole discretion, may resolve and as may be acceptable to the applicable regulatory authorities (including the TSXV), in accordance with Section 175 of the *Business Corporations Act* (Yukon) ("**YBCA**").

On September 6, 2017, the Corporation entered into a restructuring agreement to defer the debt payments owing by the Corporation to Vertex Managed Value Portfolio and Vertex Enhanced Income Fund. As a result of the restructuring, new Board members and management were added to the Corporation. The Board believes that the Name Change will benefit the Corporation's ability to proceed with its business plan.

### *The Name Change Resolution*

The complete text of the Name Change Resolution, which the Corporation intends to place before the Shareholders at the Meeting for approval, confirmation and adoption, with or without variation, is as follows:

#### **"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the Name Change is authorized and approved and that the Corporation's constating documents be amended accordingly;
2. any director or officer of the Corporation is individually authorized and directed for and on behalf of the Corporation to do all acts and things and to deliver all such documents, instruments and writings as may be necessary or desirable in connection with the name change of the Corporation under the YBCA, without further resolution;
3. despite approval of the Shareholders as provided for in this special resolution, the Board may, in its sole discretion, revoke this special resolution before it is acted upon, without further approval of the shareholders; and
4. any one or more directors or officers of the Corporation, for and on behalf of the Corporation, is authorized and directed, to take all necessary steps and proceedings, and to execute, deliver and file any and all applications, declarations, documents and other instruments and do all such other acts or things that may be necessary or desirable to give effect to the provisions of this resolution."

Following a vote by the Board to implement the Name Change, the Corporation will file Articles of Amendment with the Registrar of Corporations under the YBCA (the "**Yukon Registrar**") to amend the Corporation's Articles of Continuance. The Name Change will become effective on the date shown in the Certificate of Amendment, or such other date indicated in the Articles of Amendment. Under the YBCA, Shareholders do not have dissent and appraisal rights with respect to the proposed Name Change.

### *Recommendation of the Board*

The Board has determined that approval of the Name Change Resolution is in the best interests of the Corporation and unanimously recommends that the Shareholders vote in favour of the Name Change Resolution. In order to be approved, the Name Change Resolution must be approved by not less than two thirds (66.67%) of the votes cast by the Shareholders at the Meeting. Unless a Shareholder has specified in the enclosed form of proxy that the Common Shares represented by such proxy are to be voted against the Name Change Resolution, the persons named in the enclosed form of proxy will vote "FOR" the Name Change Resolution.

## CONTINUATION UNDER THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Continuation Resolution**") authorizing the Corporation to continue from the jurisdiction of the territory of the Yukon to the jurisdiction of British Columbia under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") as if the Corporation had been incorporated under the laws of British Columbia (the "**Continuation**"). The Corporation was incorporated under the YBCA and is currently subject to the provisions of the YBCA.

### ***The Continuation Process***

In order for the Continuation to become effective:

- 1) Shareholders must authorize by special resolution, the Continuation Resolution approving the application by the Corporation to the Yukon Registrar to authorize the proposed Continuation;
- 2) the Yukon Registrar shall issue a Notice of Authorization to continue into the other jurisdiction;
- 3) the Corporation must file with the Registrar of Companies under the BCBCA (the "**BC Registrar**") a continuation application in the prescribed form, setting out the name reserved for the continuing company and a Notice of Articles reflecting the information that will apply to the continuing company on its recognition;
- 4) the Corporation must also provide the BC Registrar with any records or information required regarding the standing of the continuing company in the foreign corporation's jurisdiction or required for authorization for the continuation from the foreign corporation's jurisdiction;
- 5) the BC Registrar shall authorize the proposed Continuation under the BCBCA and issue a Certificate of Continuation;
- 6) the Corporation shall send the Yukon Registrar a certified copy of the Certificate of Continuation and the Yukon Registrar shall file it and issue a Certificate of Discontinuance; and
- 7) on the date shown on its Certificate of Continuance, the Corporation becomes a corporation governed by the BCBCA, as if it had been incorporated under the BCBCA, and the Corporation will cease to be a corporation within the meaning of the YBCA.

### ***Effect of Continuation***

Assuming the Continuation Resolution is approved by the Shareholders, they will also be approving:

- 1) a notice of articles (the "**Notice of Articles**"), which will provide (for) the:
  - a. the name of the Corporation;
  - b. the Corporation's authorized share structure, setting out each class and/or series of shares and any special rights and restrictions attached to the shares of that class or series;
  - c. the mailing and delivery address of the Corporations registered office and records office;
  - d. full name and prescribed address for each of the directors of the Corporation; and
- 2) new articles (the "**Articles**") under the BCBCA as set forth in Schedule "B" of this Circular, which set out rules of conduct, similar to the Corporation's existing bylaws under the YBCA, save as described herein.

Upon completion of the Continuation, the YBCA will cease to apply to the Corporation to the Corporation and the Corporation will become subject to the BCBCA. The Continuation will not result in any change in the business of the Corporation or its assets, liabilities, net worth, management or share capital.

Shareholders' shareholdings will not be altered by the Continuation, other than with respect to Shareholders dissenting to the Continuation Resolution (please refer to the "Shareholders Rights of Dissent to the Continuation" section below).

The proposed Notice of Articles and Articles, which will govern the affairs of the Corporation if the Continuation Resolution is approved by the Shareholders, are available for viewing by request at the office of the Corporation's legal counsel, Sangra Moller LLP, which is located at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia. The proposed Notice of Articles and Articles will also be available for inspection at the Meeting.

### ***Reason for the Continuation***

The Board believes that the Continuation will benefit the Corporation as the BCBCA has more favorable requirements for approving certain corporate actions compared to the YBCA, as discussed further below.

### ***Comparison of the YBCA and the BCBCA***

While the rights and privileges of shareholders of a BCBCA corporation are, in many instances, comparable to the rights and privileges of shareholders of a corporation governed by the YBCA, there are certain differences. A comparison of certain key provisions of the YBCA and the BCBCA is included below. Notwithstanding the alteration of Shareholders' rights and obligations resulting from continuation under the BCBCA, the Corporation will still be bound by the rules and policies of the TSXV, the British Columbia Securities Commission, the Ontario Securities Commission and the Alberta Securities Commission, as well as other applicable securities legislation.

**This summary is not intended to be exhaustive and should not be considered as legal or tax advice to any particular Shareholder. This summary is qualified in its entirety by the full text of the YBCA and the BCBCA, as applicable. Shareholders should consult with their own advisors with respect to the implications of the Continuation that may be of particular importance to them.**

### Constituting Documents

Under the BCBCA, the constituting documents consist of a notice of articles and articles, which govern the management of a corporation. The notice of articles is filed with the BC Registrar and the articles are filed only with a corporation's registered office.

Under the YBCA, a corporation's governing documents are known as its articles and bylaws. The articles set forth a corporation's name and the amount and type of authorized capital (classes and series), the restrictions on share transfers (if any), the number of directors, and any restrictions of business on a corporation. The bylaws govern the management of a corporation. The articles are filed with the Yukon Registrar and the bylaws are filed only with a corporation's registered office.

### Amending Constituting Documents of the Corporation

The YBCA, requires a special resolution passed by a majority of not less than two thirds (66.67%) of the votes on the resolution to make a fundamental change to a corporation's articles; changes to a corporation's by-laws requires only an ordinary resolution passed by a simple majority of not less than half of the votes cast on the resolution.

Under the BCBCA, a corporation must not alter its notice of articles or articles unless it is authorized to do so:

- 1) by the type of resolution specified in the BCBCA;
- 2) if the BCBCA does not specify a type of resolution, then by the type of resolution specified in a corporation's articles; or
- 3) if neither the BCBCA nor the articles specify the type of resolution, then by special resolution requiring a majority of not less than two thirds (66.67%) of the votes on the resolution.

### Directors

Under both the YBCA and BCBCA, there are no residency requirements for directors of a corporation, and both require, for reporting issuers, that there be a minimum of three directors. However, the YBCA allows a corporation, or an extra-territorial corporation registered under the YBCA, that holds voting shares in a Yukon corporation to act as a director of the corporation. Under the BCBCA, only individuals are permitted to act as directors of a corporation.

Under the YBCA, directors may be removed by ordinary resolution, which has a voting threshold not less than a majority, whereas under the BCBCA, directors may be removed by a special resolution, which has a voting threshold of a majority of not less than two-thirds (66.67%) or if the articles of a Corporation otherwise provide that a director may be removed by a resolution of the shareholders entitled to vote at general meetings passed by less than a special majority or may be removed by some other method, by resolution or method specified.

### Ability to Set Necessary Levels of Shareholder Consent

Under the BCBCA, a corporation, in its articles, can establish different threshold levels for various shareholder approvals (other than those prescribed by the BCBCA). The percentage of votes required for a special resolution can be specified in the articles, but may be no less than 66.67 % and no more than 75% of the votes cast. The YBCA, does not provide for flexibility on shareholder approvals, which are either ordinary resolutions passed by a majority of not less than 50% of the votes cast or, where specified in the YBCA, special resolutions which must be passed by not less than 66.67 % of the votes cast.

### Sale of All or Substantially All of the Corporation's Assets

Under the YBCA, a corporation may sell, lease or exchange all or substantially all of its property if:

- 1) it is authorized to do so in its articles or unanimous shareholders agreement;
- 2) it does so in the ordinary course of its business; or
- 3) it has been authorized to do so by a special resolution of shareholders.

Under the BCBCA, a corporation may sell, lease or otherwise dispose of all or substantially all of its undertaking unless:

- 1) it does so in the ordinary course of its business or
- 2) it has been authorized to do so by a special resolution of shareholders

### Dissent Rights

The YBCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholders at the fair value of such shares. This dissent right is available where a corporation proposes to:

- 1) amend its articles to add, change or remove any provision restricting or constraining the issue or transfer of any class of shares;
- 2) amend its articles to add, change or remove any restrictions on business or businesses that the corporation may carry on;
- 3) amend its articles to add or remove an express statement establishing unlimited liability of shareholders;
- 4) enter into certain amalgamations;
- 5) continue out of the jurisdiction; and
- 6) sell, lease or exchange all or substantially all of its property.

The BCBCA provides a similar dissent remedy, although the procedure for exercising this remedy differs from that set forth in the YBCA and some of the circumstances in which the right to dissent arises are different.

### Oppression Remedy

Pursuant to Section 243 of the YBCA, a current or former shareholder, director, former director, officer or former officer and certain creditors of a corporation or any of its affiliates, or any other person who, in the discretion of a court, is a proper person to seek an oppression remedy, may apply to a court for an order the court thinks fit where, in respect of a corporation or any of its affiliates, any act or omission effects a result, or the business or affairs are or have been carried on or conducted in a manner, or the powers of the directors are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interest of, any security holder, creditor, director or officer.

Pursuant to Section 227 of the BCBCA, a shareholder (which term includes any person whom the court considers to be an appropriate person to make an application under Section 227) of a corporation has the right to apply to the court for an order under Section 227 on the grounds that the affairs of a corporation are being or have been conducted, or that the powers of the directors are being exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or that some act of a corporation has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more shareholders, including the applicant. In response to such an application, the court may make such order as it considers appropriate, including an order to direct or prohibit any act proposed by the corporation.

#### Derivative Actions

Pursuant to Section 232 of the BCBCA, a shareholder (which term includes any person whom the court considers to be an appropriate person to make an application under Section 232 of the BCBCA) or director of a corporation may, with leave of the court, and after having made reasonable efforts to cause the directors of the corporation to prosecute a legal proceeding, prosecute such proceeding in the name of and on behalf of the corporation to enforce a right, duty or obligation owed to the corporation that could be enforced by the corporation itself or to obtain damages for any breach of such right, duty or obligation. There is a similar right of a shareholder or director, with leave of the court, and in the name and on behalf of the corporation, to defend a legal proceeding brought against the corporation.

The YBCA contains similar provisions for derivative actions but the right to bring a derivative action is available to a broader group. In addition to shareholders and directors, the right under the YBCA is available to former shareholders, former directors, officers, former officers, any affiliate of the foregoing, and any person who, in the discretion of the court, is a proper person to make an application to the court to bring a derivative action.

#### ***Approval of Continuation***

The complete text of the Continuation Resolution, which the Corporation intends to place before the Shareholders at the Meeting for approval, confirmation and adoption, with or without variation, is as follows

##### **"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the Corporation be authorized to prepare a Continuation Application and Notice of Articles respecting the proposed Continuation;
2. the Corporation apply to the Yukon Registrar to permit such continuation in accordance with Section 191 of the YBCA;
3. the Corporation apply to the BC Registrar to permit the Continuation in accordance with Section 302 of the BCBCA;
4. subject to the issuance by the Yukon Registrar of a Notice of Authorization and the issuance by the BC Registrar of a Certificate of Continuation and without affecting the validity of the Corporation and the existence of the Corporation by or under its articles and by-laws and any act done thereunder, effective upon issuance of the Certificate of Continuation, the Corporation adopt the Notice of Articles attached to the Continuation Application and the Articles in the form approved by the directors of the Corporation pursuant to the YBCA, and all amendments reflected therein, are approved and adopted;
5. the Corporation file the Continuation Application with BC Registrar and apply to the Yukon Registrar for authorization permitting the continuation and to request a certificate of discontinuation under the YBCA;
6. on the date and time that the Continuation Application is filed with the BC Registrar, the existing articles and by-laws of the Corporation be replaced with the Notice of Articles contained in the Continuation Application and the Articles, in substantially the form contained in Schedule "B" of the Circular, all as approved by the directors of the Corporation;
7. notwithstanding the passage of this special resolution by the Shareholders, the directors of the Corporation, in their sole discretion and without further notice to or approval of the Shareholders, may decide not to proceed with the Continuation or otherwise give effect to this special resolution, at any time prior to the Continuation becoming effective; and

8. any one or more directors or officers of the Corporation, for and on behalf of the Corporation, is authorized and directed, to take all necessary steps and proceedings, and to execute, deliver and file any and all applications, declarations, documents and other instruments and do all such other acts or things that may be necessary or desirable to give effect to the provisions of this resolution."

### ***Recommendation of the Board***

The Board has determined that approval of the Continuation is in the best interest of the Corporation and unanimously recommends that the Shareholders vote in favour of the Continuation Resolution. In order to be approved, the Continuation Resolution must be approved by not less than two thirds (66.67%) of the votes cast by the Shareholders at the Meeting. Unless a Shareholder has specified in the enclosed form of proxy that the Common Shares represented by such proxy are to be voted against the Continuation Resolution, the persons named in the enclosed form of proxy will vote "FOR" the Continuation Resolution.

### ***Shareholders Rights of Dissent to the Continuation***

Shareholders have the right to dissent (the "**Dissent Rights**") to the Continuation pursuant to Section 193 of the YBCA.

If the actions approved by the Continuation Resolution become effective, any Shareholder who dissents in accordance with the provisions of Section 193 of the YBCA will be entitled to be paid by the Corporation the fair value of the Common Shares held by such Shareholder determined at the close of business on the last business day before the day on which the Continuation Resolution was adopted. The procedure for exercising this remedy is set forth in Schedule "C" of this Circular and should be reviewed carefully by the Shareholders. Failure to adhere strictly to the requirements of Section 193 of the YBCA may result in the loss or unavailability of the noncompliant Shareholders' Dissent Rights under that section.

If a Shareholder exercises their Dissent Rights, the Directors will exercise their sole discretion as to whether or not to proceed with the Continuation.

Persons who are beneficial owners of the Corporation's shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that **ONLY A REGISTERED SHAREHOLDER IS ENTITLED TO DISSENT**. A Shareholder who beneficially owns Common Shares, but is not the registered holder thereof, should contact the registered holder for assistance.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is on the SEDAR website at [www.sedar.com](http://www.sedar.com) under Dynasty's profile. Financial information is provided in the Corporation's comparative annual financial statements and MD&A for its most recently completed financial year, copies of which were previously mailed to shareholders who requested them, and are filed and available on SEDAR or by email at [info@dynastymining.com](mailto:info@dynastymining.com). Shareholders may request copies of the Corporation's financial statements and MD&A by contacting the Corporate Secretary at 604-345-4822.

## **APPROVAL AND SIGNATURE**

The undersigned hereby certifies that the contents and the sending of this Circular have been approved by the Board.

### **ON BEHALF OF THE BOARD**

*(Signed) "Keith Piggott"*

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Mr. Keith Piggott  
President and Chief Executive Officer

## SCHEDULE "A"

### 2017 STOCK OPTION PLAN

DYNASTY METALS & MINING INC.  
(THE "COMPANY")

#### 2017 STOCK OPTION PLAN

#### ARTICLE 1 PURPOSE AND INTERPRETATION

##### Purpose

1.1 The purpose of this Plan (as defined herein) is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares (as defined herein). It is the intention of the Company that this Plan will at all times be in compliance with the TSX Venture Policies (as defined herein) and any inconsistencies between this Plan and the TSX Venture Policies) will be resolved in favour of the latter.

##### Definitions

1.2 In this Plan

- (a) **Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **Associate** has the meaning set out in the Securities Act;
- (c) **Blackout Period** means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company's insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);
- (d) **Board** means the board of Directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (e) **Change of Control** means:
  - (i) the acquisition, whether directly or indirectly, by a person or company, or any persons or companies acting jointly or in concert (as determined in accordance with the Securities Act and the rules and regulations thereunder) of voting securities of the Company which, together with any other voting securities of the Company held by such person or company or persons or companies, constitute, in the aggregate, more than 50% of all outstanding voting securities of the Company;
  - (ii) an amalgamation, arrangement or other form of business combination of the Company with another company which results in the holders of voting securities of that other company holding, in the aggregate, 50% or more of all outstanding voting securities of the Company (including a merged or successor company) resulting from the business combination; or
  - (iii) the sale, lease or exchange of all or substantially all of the property of the Company to another person, other than a subsidiary of the Company or other than in the ordinary course of business of the Company;

- (f) **Code** means the U.S. Internal Revenue Code of 1986, as amended;
- (g) **Common Shares** means common shares without par value in the capital of the Company provided such class is listed on the TSX Venture (or the NEX, as the case may be);
- (h) **Company** means the company named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;
- (i) **Consultant** means an individual or Consultant Company, other than an Employee, Officer or Director that:
  - (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
  - (ii) provides the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
  - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;
- (j) **Consultant Company** means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (k) **Directors** means the directors of the Company as may be elected from time to time;
- (l) **Disability** means the mental or physical state of an individual such that:
  - (i) the Board, other than such individual if a Board member, determines that such individual has been unable, due to illness, disease, mental or physical disability or similar cause, to fulfill his or her obligations as an employee, independent contractor, consultant or director of the Company either for any consecutive 6 month period or for any period of 8 months (whether or not consecutive) in any consecutive 12 month period; or
  - (ii) a court of competent jurisdiction has declared such individual to be mentally incompetent or incapable of managing his or her affairs;
- (m) **Discounted Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (n) **Disinterested Shareholder Approval** means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;
- (o) **Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (p) **Effective Date** for an Option means the date of grant thereof by the Board;
- (q) **Employee** means:

- (i) an individual who is considered an employee under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Company or a subsidiary thereof providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;
- (r) **Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (s) **Expiry Date** means the day on which an Option lapses as specified in the Option Commitment therefor or in accordance with the terms of this Plan;
- (t) **Incentive Stock Option** means an Option granted to a U.S. Participant that is intended to qualify as an "incentive stock option" within the meaning of section 422 of the Code;
- (u) **Insider** has the meaning ascribed thereto in the TSX Venture Policies;
- (v) **Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (w) **Management Company Employee** means an individual employed by a Person providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities;
- (x) **Market Price** means , as of any date, the value of the Common Shares, determined as follows:
- (i) if the Common Shares are listed on the TSX, the Market Price shall be the closing price of the Shares on the TSX for the last market trading day prior to the date of grant of the Option;
  - (ii) if the Common Shares are listed on the TSX-V, the Market Price shall be the closing price of the Shares on the TSX-V for the last market trading day prior to the date of the grant of the Option less any discounted permitted by the TSX-V;
  - (iii) if the Common Shares are listed on a stock exchange other than the TSX-V, the Market Price shall be the closing price of the Common Shares (or the closing bid, if no sales were reported) as quoted on such exchange for the last market trading day prior to the date of grant of the Option; and
  - (iv) if the Common Shares are not listed on a stock exchange, the Market Price shall be determined in good faith by the Board;
- (y) **NEX** means a separate board of the TSX Venture for companies previously listed on the TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;

- (z) **NEX Issuer** means a company listed on the NEX;
- (aa) **NEX Policies** means the rules and policies of the NEX as amended from time to time;
- (bb) **Nonqualified Stock Option** means an Option granted to a U.S. Participant that is not an Incentive Stock Option;
- (cc) **Officer** means a Board appointed officer of the Company;
- (dd) **Option** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (ee) **Option Commitment** means the notice of grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule A attached hereto;
- (ff) **Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (gg) **Optionee** means the recipient of an Option hereunder;
- (hh) **Outstanding Shares** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (ii) **Participant** means a Service Provider that becomes an Optionee;
- (jj) **Person** includes a company, any unincorporated entity, or an individual;
- (kk) **Plan** means this share option plan, the terms of which are set out herein or as may be amended;
- (ll) **Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in Section 2.2;
- (mm) **Regulatory Approval** means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (nn) **Securities Act** means the *Securities Act* (British Columbia), R.S.B.C. 1996, c. 418, or any successor legislation;
- (oo) **Service Provider** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Company Consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (pp) **Share Compensation Arrangement** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;
- (qq) **Shareholder Approval** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders' meeting;
- (rr) **Take Over Bid** means a take over bid as defined in subsection 92(j) of the Securities Act or the analogous provisions of securities legislation applicable to the Company;
- (ss) **Termination Date** has the meaning ascribed thereto in Section 3.10;

- (tt) **TSX Venture** means the TSX Venture Exchange and any successor thereto;
- (uu) **TSX Venture Policies** means the rules and policies of the TSX Venture as amended from time to time;
- (vv) **U.S. Participant** means an Service Provider who is a U.S. citizen or a U.S. resident, in each case as defined in the Code or is otherwise subject to U.S. federal income tax; and
- (ww) **10% Shareholder** means a Person who owns (taking into account the constructive ownership rules under section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company (or of any subsidiary of the Company).

### **Other Words and Phrases**

1.3 Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the TSX Venture Policies (and, if applicable, the NEX Policies).

### **Gender**

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

## **ARTICLE 2 SHARE OPTION PLAN**

### **Establishment of Share Option Plan**

2.1 The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

### **Maximum Plan Shares**

2.2 Options may be granted in respect of authorized and unissued Common Shares provided that, the maximum aggregate number of Common Shares reserved for issuance and which may be purchased upon the exercise of all Options, together with all of the Company's other previously established or proposed Share Compensation Arrangements, shall not exceed 10% of the outstanding issued Common Shares at the time of grant.

### **Eligibility**

2.3 Options to purchase Common Shares may be granted hereunder to Service Providers from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

### **Options Granted Under the Plan**

2.4 All Options granted under the Plan will be evidenced by an Option Commitment in substantially the form of Schedule A attached hereto, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.5 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Option Commitment made hereunder.

### **Limitations on Issue**

2.6 Subject to Section 2.10, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares (unless the Company has obtained Disinterested Shareholder Approval to do so);
- (b) no Options can be granted under the Plan if the Company is on notice from the TSX Venture to transfer its listed shares to the NEX;
- (c) the aggregate number of Options granted to Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture; and
- (d) the aggregate number of Options granted to any one Consultant in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture.

### **Options Not Exercised**

2.7 In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

### **Powers of the Board**

2.8 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under the Plan unless the alteration or impairment occurred as a result of a change in the TSX Venture Policies or the Company's tier classification thereunder; and
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

### **Amendment of the Plan by the Board of Directors**

2.9 Subject to the requirements of the TSX Venture Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Plan or any Option granted as follows:

- (a) it may make amendments which are of a typographical, grammatical or clerical nature only;
- (b) it may change the vesting provisions of an Option granted hereunder;
- (c) it may change the termination provision of an Option granted hereunder which does not entail an extension beyond the original Expiry Date of such Option;
- (d) it may make amendments necessary as a result in changes in securities laws applicable to the Company;
- (e) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX Venture, it may make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (f) amend this Plan (except for previously granted and outstanding Options) to reduce the benefits that may be granted to Service Providers (before a particular Option is granted) subject to the other terms hereof.

#### **Terms or Amendments Requiring Disinterested Shareholder Approval**

2.10 The Company shall obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's other Share Compensation Arrangements, could result at any time in:
  - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares;
  - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Outstanding Shares;
  - (iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider.

#### **Options Granted Under the Company's Previous Share Option Plans**

2.11 Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms hereof.

### **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

#### **Exercise Price**

3.1 The Exercise Price of an Option will be set by the Board on the Effective Date of the Option and cannot be less than the Discounted Market Price.

### **Term of Option**

3.2 An Option can be exercisable for a maximum of 10 years from the Effective Date or five years from the Effective Date for a NEX Issuer.

### **Option Amendment**

3.3 Subject to Section 2.10(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the Effective Date, the date the Common Shares commenced trading on the TSX Venture, and the date of the last amendment of the Exercise Price.

3.4 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in Section 3.2.

3.5 Any proposed amendment to the terms of an Option must be approved by the TSX Venture prior to the exercise of such Option.

### **Vesting of Options**

3.6 Subject to Section 3.7, vesting of Options shall be at the discretion of the Board, and will generally be subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

### **Vesting of Options Granted to Consultants Conducting Investor Relations Activities**

3.7 Notwithstanding Section 3.6, Options granted to Consultants conducting Investor Relations Activities will vest:

- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
- (b) such longer vesting period as the Board may determine.

### **Effect of Take Over Bid**

3.8 If a Take Over Bid is made to the shareholders generally then the Company shall, immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, subject to receipt of Regulatory Approval and notwithstanding Sections 3.6 and 3.7 or any vesting requirements set out in any Option Commitment, be immediately exercised in whole or in part by the Optionee.

### **Extension of Options Expiring During Blackout Period**

3.9 Should the Expiry Date for an Option fall within a Blackout Period, or within nine (9) Business Days following the expiration of a Blackout Period, such Expiry Date shall be automatically extended without any further act or formality to that day which is the tenth (10<sup>th</sup>) Business Day after the end of the Blackout Period, such

tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding Section 2.8, the tenth Business Day period referred to in this Section 3.9 may not be extended by the Board.

#### **Optionee Ceasing to be Director, Employee or Service Provider**

3.10 No Option may be exercised after the earlier of the date the Service Provider has left his employ/office and the date that the Service Provider has been advised by the Company that his services are no longer required or his service contract has expired (the "**Termination Date**"), except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) an Option granted to any Service Provider (other than a Service Provider conducting Investor Relations Activities) will, unless otherwise determined by the Board in the Option Commitment, expire upon the earlier of the original Expiry Date and 90 days after the Termination Date, but only to the extent that such Option has vested as at the Termination Date;
- (c) Options granted to a Service Provider conducting Investor Relations Activities will, unless otherwise determined by the Board in the Option Commitment, expire upon the earlier of the original Expiry Date and 30 days after the Termination Date, but only to the extent that such Option has vested as at the Termination Date; and
- (d) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

#### **Non Assignable**

3.11 Subject to Section 3.10, all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

#### **Adjustment of the Number of Optioned Shares**

3.12 The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;
- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of

Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;

- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this Section 3.12;
- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this Section 3.12, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this Section 3.12, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Vancouver, British Columbia (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records. Such determination will be binding upon the Company and all Optionees.

#### **Termination Following a Change of Control**

3.13 Except as otherwise specified in the Option certificate, if a Participant is terminated within 12 months of a Change of Control for any reason other than for cause, voluntary resignation, death or Disability, each Option held by that Participant that is not fully vested on the date on which the Participant is terminated shall vest immediately and any and all Options held by that Participant shall be immediately exercisable up to, but not after, the date which is the earlier of the Expiry Date and 60 days after the date such person is terminated.

#### **Dissolution or Liquidation**

3.14 In the event of a proposed dissolution or liquidation of the Company, to the extent that an Option has not been previously exercised, the Option will terminate immediately prior to the consummation of such proposed action. The Board may, in the exercise of its sole discretion in such instances, declare that any Option shall terminate as of a date fixed by the Board and give each Participant the right to exercise his or her Option as to all or any part of the Common Shares that may be issued upon exercise of the Options, including Common Shares as to which the Option would not otherwise be exercisable.

#### **Exclusion from Severance Allowance, Retirement or Termination Settlement**

3.15 In the event of a Participant's termination for any reason, the curtailment of such Participant's Options pursuant to the terms of the Plan, shall not give rise to any right to damages (including damages relating to any period of reasonable notice and regardless of whether reasonable or any notice was provided to the Participant) and shall not be included in the calculation of, nor form any part of, any severance allowance, retiring allowance or termination settlement of any kind whatever in respect of such Participant.

#### **ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES**

##### **Option Commitment**

4.1 Upon grant of an Option hereunder, an authorized Officer will deliver to the Optionee an Option Commitment detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

##### **Manner of Exercise**

4.2 An Optionee who wishes to exercise his Option may do so by delivering:

- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
- (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price by the Optioned Shares being acquired.

##### **Delivery of Certificate and Hold Periods**

4.3 As soon as practicable after receipt of the notice of exercise described in Section 4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue a certificate to the Optionee for the appropriate number of Optioned Shares. Such certificate issued will bear a legend stipulating any resale restrictions required under applicable securities laws. Further, if (i) the Exercise Price is set below the then current market price of the Common Shares on the TSX Venture; or (ii) the Optionee is an Insider, the certificate will also bear a legend stipulating that the Optioned Shares are subject to a four-month TSX Venture hold period commencing the Effective Date of the Option.

#### **ARTICLE 5 OPTIONS GRANTED TO U.S. PARTICIPANTS**

##### **Number of Shares for Incentive Stock Options**

5.1 Notwithstanding any other provision of this Plan to the contrary, the number of Common Shares available for granting Incentive Stock Options to U.S. Participants under the Plan may not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis as of the later of: (i) the date this Plan is initially adopted by the Board or (ii) the date the Plan is approved (or reapproved) by the shareholders of the Company, subject to adjustment in accordance with the terms of this Plan.

##### **Designation of Options**

5.2 The certificate, in substantially the form of Schedule B attached hereto, relating to any Option granted to a U.S. Participant shall specify whether such Option is an Incentive Stock Option or a Nonqualified Stock Option. If no such specification is made, the Option will be designated an Incentive Stock Option if all of the requirements under the Code are satisfied or in all other cases, a Nonqualified Stock Option. In addition to the other

provisions of this Plan (and notwithstanding any other provision of this Plan to the contrary), the following limitations and requirements will apply to any Nonqualified Stock Option granted to a U.S. Participant:

- (a) the Exercise Price of a Nonqualified Stock Option granted to a U.S. Participant shall not be less than the Market Price on the date of grant, without reduction for any discount permitted by the TSX Venture; and
- (b) with respect to any tolling of the Expiry Date of a Nonqualified Stock Option in accordance with this Plan due to a Blackout Period or similar period imposed under any insider trading policy or similar policy of the Company, such policy must be reasonably designed to ensure compliance with applicable securities laws or rules of the TSX Venture.

### **Special Requirements for Incentive Stock Options**

5.3 In addition to the other provisions of this Plan (and notwithstanding any other provision of this Plan to the contrary), the following limitations and requirements will apply to an Incentive Stock Option:

- (a) an Incentive Stock Option may be granted only to employees (including a director or officer who is also an employee) of the Company (or of any parent or subsidiary of the Company within the meaning of section 424 of the Code). For purposes of this Article 5, the term "employee" shall mean a person who is an employee for purposes of the Code;
- (b) the Company will not grant Incentive Stock Options in which the aggregate Market Price (determined as of the date of grant) of the Common Shares with respect to which Incentive Stock Options are exercisable for the first time by a U.S. Participant during any calendar year (under this Plan and all other plans of the Company and of any parent or subsidiary of the Company within the meaning of section 424 of the Code) exceeds any limitation set forth in section 422(d) of the Code;
- (c) the Exercise Price payable per Common Share upon exercise of an Incentive Stock Option will not be less than 100% of the Market Price (without reduction for any discount permitted by the TSX Venture) on the date of grant of such Incentive Stock Option; provided, however, that, in the case of the grant of an Incentive Stock Option to a U.S. Participant who, at the time such Incentive Stock Option is granted, is a 10% Shareholder, the exercise price payable per Common Share upon exercise of such Incentive Stock Option will be not less than 110% of the Market Price (without reduction for any discount permitted by the TSX Venture ) on Effective Date;
- (d) an Incentive Stock Option will terminate and no longer be exercisable no later than 10 from the Effective Date; provided, however, that in the case of a grant of an Incentive Stock Option to a U.S. Participant who, at the time such Incentive Stock Option is granted, is a 10% Shareholder, such Incentive Stock Option will terminate and no longer be exercisable no later than 5 years after the Effective Date;
- (e) if a U.S. Participant who has been granted Incentive Stock Option ceases to be employed by the Company (or by a parent or subsidiary of the Company within the meaning of section 424 of the Code) for any reason, whether voluntary or involuntary, other than death, permanent disability or just cause, such Incentive Stock Option shall be exercisable by the U.S. Participant (to the extent such Incentive Stock Option was vested on the date of cessation of employment) at any time prior to the earlier of (i) the date that is 60 days after the date of cessation of employment or (ii) the expiration of the term of such Incentive Stock Option. In this paragraph, "permanent disability" is as defined in section 22(e)(3) of the Code. If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Company (or by any parent or subsidiary of the Company within the meaning of section 424 of the Code) because of the death or a permanent disability of such U.S. Participant, such U.S. Participant's personal representatives or

administrators, or any person or persons to whom such Incentive Stock Option is transferred by will or the applicable laws of descent and distribution, may exercise such Incentive Stock Option (to the extent such Incentive Stock Option was exercisable on the date of death of permanent disability, as the case may be) at any time prior to the earlier of (i) the date that is twelve months after the date of death or 60 days after the date of permanent disability, as the case may be, or (ii) the expiration of the term of such Incentive Stock Option. If a U.S. Participant who has been granted Incentive Stock Options ceases to be employed by the Company (or by any parent or subsidiary of the Company within the meaning of section 424 of the Code) for cause, the right to exercise such Incentive Stock Option will terminate on the date of cessation of employment, unless otherwise determined by the Board;

- (f) an Incentive Stock Option granted to a U.S. Participant may be exercised during such U.S. Participant's lifetime only by such U.S. Participant; and
- (g) an Incentive Stock Option granted to a U.S. Participant may not be transferred, assigned or pledged by such U.S. Participant, except by will or by the laws of descent and distribution.

## **ARTICLE 6 GENERAL**

### **Employment and Services**

6.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

### **No Representation or Warranty**

6.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

### **Interpretation**

6.3 The Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

### **Canadian Tax Withholding**

6.4 The Company may take such steps as are considered necessary or appropriate for the withholding of any taxes which the Company is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Option or Common Share including, without limiting the generality of the foregoing, (a) requiring a Participant as a condition to the exercise of any Options, to make such arrangements as the Company may require so that the Company can satisfy such withholding obligations including, without limitation, requiring the Participant to remit to the Company in advance, or reimburse the Company for, any such withholding obligations; or (b) selling on the Participant's behalf, or requiring the Participant to sell, any Common Shares acquired by the Participant under the Plan, or retaining any amount which would otherwise be payable to the Participant in connection with any such sale.

### **U.S. Tax Withholding**

6.5 In order to comply with all applicable federal or state income tax laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable U.S. federal or state payroll, withholding, income or other taxes that are the sole and absolute responsibility of a U.S. Participant are withheld or collected from such U.S. Participant. For the purposes of assisting a U.S. Participant in paying all or a portion of the U.S. federal and state taxes to be withheld or collected upon exercise of an Option, the Board, in its discretion and subject to such additional terms and conditions as it may adopt, may permit a U.S. Participant, subject to applicable laws, to satisfy such tax obligation by (a) electing to have the Company withhold a portion of the Common Shares otherwise to be delivered upon exercise of such Option having a Market Price equal to the amount of such taxes or (b) delivering to the Company Shares (other than Common Shares issuable upon exercise of such Option) having a Market Price equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

#### **Section 409A of the Code**

6.6 Notwithstanding any provision of this Plan to the contrary, if any provision of this Plan contravenes any regulations or guidance promulgated under section 409A of the Code or would cause any person to be subject to additional taxes, interest and/or penalties under section 409A of the Code, such provision of this Plan, the Options and the certificates issued in connection therewith may be modified by the Board without notice to or consent of the Participant in any manner the Board deems reasonable or appropriate.

#### **Governing Law**

6.7 This Plan and all agreements hereunder shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

#### **Effective Date of Plan**

6.8 The effective date of the Plan is [•], 2017.

**SCHEDULE A**

**SHARE OPTION PLAN**

**OPTION COMMITMENT**

Notice is hereby given that, effective this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the "**Effective Date**") DYNASTY METALS & MINING INC. (the "**Company**") has granted to \_\_\_\_\_ (the "**Optionee**"), an Option to acquire \_\_\_\_\_ Common Shares ("**Optioned Shares**") up to 5:00 p.m. Vancouver Time on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the "**Expiry Date**") at an Exercise Price of CDN\$ \_\_\_\_\_ per share.

At the date of grant of the Option, the Company is classified as [a Tier \_\_\_\_ Issuer under TSX Venture Policies].

Optioned Shares will vest and may be exercised as follows:

**[INSERT VESTING SCHEDULE ] [INSERT VESTING TERMS]**

The grant of the Option evidenced hereby is made subject to the terms and conditions of the Plan, which are hereby incorporated herein and forms part hereof

To exercise your Option, deliver a written notice specifying the number of Optioned Shares you wish to acquire, together with a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price. A certificate for the Optioned Shares so acquired will be issued by the transfer agent as soon as practicable thereafter **[and will bear a minimum four month non-transferability legend from the date of this Option Commitment, the text of which is as follows.] [The Company may grant stock options without a hold period, provided (i) the exercise price of the options is set at or above the market price of the common shares of the Company; (ii) the options are not issued to a director, officer or holder of securities carrying more than 10% of the voting rights attached to the common shares of the Company; and (iii) the options are not issued to a director or officer of a holder of securities carrying more than 10% of the voting rights attached to the common shares of the Company.]**.

"WITHOUT PRIOR WRITTEN APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL **[INSERT DATE 4 MONTHS AND A DAY FROM THE DATE OF GRANT]**".

The Company and the Optionee represent that the Optionee under the terms and conditions of the Plan is a bona fide Service Provider (as defined in the Plan), entitled to receive Options under TSX Venture Policies.

The Optionee also acknowledges and consents to the collection and use of Personal Information (as defined in the Policies of the TSX Venture Exchange) by both the Company and the TSX Venture (or the NEX, as the case may be) as more particularly set out in the Acknowledgement - Personal Information in use by the TSX Venture (or the NEX, as the case may be) on the date of this Share Option Plan.

**DYNASTY METALS & MINING INC.**

Per: \_\_\_\_\_  
Authorized Signatory

**[INSERT NAME OF OPTIONEE]**

\_\_\_\_\_  
**[SIGNATURE OF OPTIONEE]**

**NOTICE OF EXERCISE OF INCENTIVE STOCK OPTIONS**

TO: DYNASTY METALS & MINING INC. (the "Company")

The undersigned wishes to exercise \_\_\_\_\_ of the incentive stock options granted to [him/her/it] by the Company at the price of CDN\$\_\_\_\_\_ per share and enclose herewith the amount of CDN\$\_\_\_\_\_ in payment of the total exercise price for such shares.

DATED as of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
*Signature of Optionee*

\_\_\_\_\_  
*Please print name of Signatory*

Please have the share certificate(s) issued as follows:

**Registration Instructions:**

**Delivery Instructions:**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Account reference, if applicable

\_\_\_\_\_  
Account reference, if applicable

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Name

**SCHEDULE B`**

**FORM OF OPTION CERTIFICATE FOR U.S. PARTICIPANTS  
DYNASTY METALS & MINING INC..  
U.S. Stock Option Certificate**

The Company hereby grants to the Participant named below, the following Options to acquire common shares ("Shares) of the Company on the terms and conditions of the Company's 2017 Stock Option Plan (the "Plan") and on the terms outlined below. Terms not otherwise defined herein will have the meaning ascribed thereto in the Plan.

**Participant's Name:**

**Address:**

**Total Shares:**

**Exercise Price Per Share:**

**Date of Grant:**

**Expiry Date:**

**Terms of Vesting:**

**Type of Option (Incentive Stock Option or Qualified Stock Option)<sup>(1)</sup>:**

**Notes:**

**(1) The number of Incentive Stock Options shall be calculated in accordance with (a) below.**

Participant agrees that he/she may suffer tax consequences as a result of the grant of these Options, the exercise of the Options and the disposition of Shares. Participant acknowledges that he/she is not relying on the Company for any tax advice.

If the Option is designated as an "Incentive Stock Option" as that term is defined in section 422 of the Code, you acknowledge that:

- (a) notwithstanding the designation of the Option as an Incentive Stock Option, to the extent that the aggregate Market Price, determined as of the Effective Date, of the Shares issuable on exercise of the Option which are exercisable for the first time by you during any calendar year exceeds US\$100,000, such excess Option shall not be treated as an Incentive Stock Option and will be Nonqualified Stock Options; and
- (b) in order for the Option to be treated as an Incentive Stock Option:

- (i) Shares purchased on the exercise of an Option must not be sold or otherwise disposed of before the later of 2 years from the Effective Date, or 1 year from the date the Option was exercised; and
- (ii) If your employment with the Company terminates for any reason other than death as provided in (iii), you must maintain your status as an employee of the Company at all times during the period beginning on the Effective Date and ending 60 days before the date an Option is exercised; and
- (iii) If you die while employed with the Company, your Option must be exercised within 12 months after the date of death;

and if the conditions in (A) and (B) above are not met, then preferential tax treatment under the Internal Revenue Code for Incentive Stock Options will not be available.

This Option certificate is subject to the terms and conditions of the Plan and, in the event of any inconsistency or contradiction between the terms of the Option certificate and the Plan, the terms of the Plan shall govern.

Note: Until such time as this Plan is approved by the shareholders of the Company in accordance with the requirements of the TSX Venture or other Exchange which approval shall be sought at or prior to the 2017 annual meeting of the Company's shareholders, the Options granted hereunder may not be exercised.

If you agree to accept the Options described above, subject to all of the terms and conditions of the Plan, please sign one copy of this letter and return it to \_\_\_\_\_ by \_\_\_\_\_.

**DYNASTY METALS & MINING INC.**

By: \_\_\_\_\_  
Authorized Signatory

I have received a copy of the Plan and agree to comply with, and agree that my participation is subject in all respects to, its terms and conditions.

\_\_\_\_\_  
Name of Participant

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Date

**SCHEDULE "B"**

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**ARTICLES**

**of**

**DYNASTY METALS & MINING INC.**

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Certificate of Incorporation No. C0916686

***BUSINESS CORPORATIONS ACT***

**ARTICLES**

of

**DYNASTY METALS & MINING INC.**

**PART 1  
INTERPRETATION**

**1.1 Definitions.** In these Articles, unless the context otherwise requires:

“**board of directors**”, “**directors**” and “**board**” mean the directors or sole director of the Company for the time being;

“***Business Corporations Act***” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;

“**legal personal representative**” means the personal or other legal representative of the shareholder;

“**registered address**” of a shareholder means the shareholder’s address as recorded in the central securities register;

“**seal**” means the seal of the Company, if any.

**1.2 *Business Corporations Act and Interpretation Act Definition Applicable.*** The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

**PART 2  
SHARES AND SHARE CERTIFICATES**

**2.1 Authorized Share Structure.** The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

**2.2 Form of Share Certificate.** Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

**2.3 Shareholder Entitled to Certificate or Acknowledgement.** Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

**2.4 Delivery by Mail.** Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgment is lost in the mail or stolen.

**2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement.** If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (b) issue a replacement share certificate or acknowledgment, as the case may be.

**2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgement.** If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (b) any indemnity the directors consider adequate.

**2.7 Splitting Share Certificates.** If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

**2.8 Certificate Fee.** There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

**2.9 Recognition of Trusts.** Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

### **PART 3 ISSUE OF SHARES**

**3.1 Directors Authorized.** Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

**3.2 Commissions and Discounts.** The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

**3.3 Brokerage.** The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

**3.4 Conditions of Issue.** Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (a) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (i) past services performed for the Company;
  - (ii) property;
  - (iii) money; and
- (b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

**3.5 Share Purchase Warrants and Rights.** Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

#### **PART 4 SHARE REGISTERS**

**4.1 Central Securities Register.** As required by and subject to the *Business Corporations Act*, the Company must maintain a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

**4.2 Closing Register.** The Company must not at any time close its central securities register.

#### **PART 5 SHARE TRANSFERS**

**5.1 Registering Transfers.** A transfer of a share of the Company must not be registered unless:

- (a) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

**5.2 Form of Instrument of Transfer.** The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

**5.3 Transferor Remains Shareholder.** Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

**5.4 Signing of Instrument of Transfer.** If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (a) in the name of the person named as transferee in that instrument of transfer; or
- (b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

**5.5 Enquiry as to Title Not Required.** Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

**5.6 Transfer Fee.** There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

## **PART 6 TRANSMISSION OF SHARES**

**6.1 Legal Personal Representative Recognized on Death.** In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

**6.2 Rights of Legal Personal Representative.** The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

## **PART 7 PURCHASE OF SHARES**

**7.1 Company Authorized to Purchase Shares.** Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations*

*Act*, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

**7.2 Purchase When Insolvent.** The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (a) the Company is insolvent; or
- (b) making the payment or providing the consideration would render the Company insolvent.

**7.3 Sale and Voting of Purchased Shares.** If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (a) is not entitled to vote the share at a meeting of its shareholders;
- (b) must not pay a dividend in respect of the share; and
- (c) must not make any other distribution in respect of the share.

## **PART 8 BORROWING POWERS**

**8.1 Borrowing Powers.** The Company, if authorized by the directors, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

## **PART 9 ALTERATIONS**

**9.1 Alteration of Authorized Share Structure.** Subject to Article 9.2 and the *Business Corporations Act*, the Company may by special resolution:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
  - (i) decrease the par value of those shares; or
  - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

**9.2 Special Rights and Restrictions.** Subject to the *Business Corporations Act*, the Company may by ordinary resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

**9.3 Change of Name.** The Company may by directors' resolution authorize an alteration of its Notice of Articles in order to change its name.

**9.4 Other Alterations.** If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary or directors' resolution alter these Articles.

## **PART 10 MEETINGS OF SHAREHOLDERS**

**10.1 Annual General Meetings.** Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first

annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

**10.2 Resolutions Instead of Annual General Meeting.** If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

**10.3 Calling of Meetings of Shareholders.** The directors may, whenever they think fit, call a meeting of shareholders.

**10.4 Notice for Meetings of Shareholders.** The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

**10.5 Record Date for Notice.** The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

**10.6 Record Date for Voting.** The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

**10.7 Failure to Give Notice and Waiver of Notice.** The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

**10.8 Notice of Special Business at Meetings of Shareholders.** If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (a) state the general nature of the special business; and
- (b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
  - (i) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
  - (ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

**10.9 Location of General Meetings.** The board of directors, by resolution, may determine the location of any general meeting to be held outside of British Columbia.

## **PART 11 PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

**11.1 Special Business.** At a meeting of shareholders, the following business is a special business:

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (b) at an annual general meeting, all business is special business except for the following:
  - (i) business relating to the conduct of or voting at the meeting;
  - (ii) consideration of any financial statements of the Company presented to the meeting;
  - (iii) consideration of any reports of the directors or auditor;
  - (iv) the setting or changing of the number of directors;

- (v) the election or appointment of directors;
- (vi) the appointment of an auditor;
- (vii) the setting of the remuneration of an auditor;
- (viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
- (ix) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

**11.2 Special Majority.** The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

**11.3 Quorum.** Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

**11.4 One Shareholder May Constitute Quorum.** If there is only one shareholder entitled to vote at a meeting of shareholders:

- (a) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (b) that shareholder, present in person or by proxy, may constitute the meeting.

**11.5 Other Persons May Attend.** The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

**11.6 Requirement of Quorum.** No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

**11.7 Lack of Quorum.** If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and

- (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

**11.8 Lack of Quorum at Succeeding Meeting.** If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

**11.9 Chair.** The following individual is entitled to preside as chair at a meeting of shareholders:

- (a) the chair of the board, if any; or
- (b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

**11.10 Selection of Alternate Chair.** If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

**11.11 Adjournments.** The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

**11.12 Notice of Adjourned Meeting.** It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

**11.13 Decision by Show of Hands or Poll.** Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

**11.14 Declaration of Result.** The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence

without proof of the number or proportion of the votes recorded in favour of or against the resolution.

**11.15 Motion Need Not be Seconded.** No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

**11.16 Casting Vote.** In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

**11.17 Manner of Taking Poll.** Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (a) the poll must be taken:
  - (i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
  - (ii) in the manner, at the time and at the place that the chair of the meeting directs;
- (b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (c) the demand for the poll may be withdrawn by the person who demanded it

**11.18 Demand for Poll on Adjournment.** A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

**11.19 Chair Must Resolve Dispute.** In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

**11.20 Casting of Votes.** On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

**11.21 Demand for Poll.** No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

**11.22 Demand for Poll Not to Prevent Continuance of Meeting.** The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

**11.23 Retention of Ballots and Proxies.** The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business

hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

**11.24 Meeting by Telephone or Other Communications Medium.** A shareholder or proxy holder may participate in a meeting of the shareholders in person or by telephone if all shareholders or proxy holders participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A shareholder or proxy holder may participate in a meeting of the shareholders by a communications medium other than telephone if all shareholders or proxy holders participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all shareholders or proxy holders who wish to participate in the meeting agree to such participation. A shareholder or proxy holder who participates in a meeting in a manner contemplated by this Article 11.24 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

## **PART 12 VOTES OF SHAREHOLDERS**

**12.1 Number of Votes by Shareholder or by Shares.** Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

**12.2 Votes of Persons in Representative Capacity.** A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

**12.3 Votes by Joint Holders.** If there are joint shareholders registered in respect of any share:

- (a) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

**12.4 Legal Personal Representatives as Joint Shareholders.** Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

**12.5 Representative of a Corporate Shareholder.** If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (a) for that purpose, the instrument appointing a representative must:
  - (i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
  - (ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (b) if a representative is appointed under this Article 12.5:
  - (i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

**12.6 Proxy Provisions Do Not Apply to All Companies.** Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

**12.7 Appointment of Proxy Holders.** Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

**12.8 Alternate Proxy Holders.** A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

**12.9 When Proxy Holder Need Not Be Shareholder.** A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (a) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (b) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (c) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

**12.10 Deposit of Proxy.** A proxy for a meeting of shareholders must:

- (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

**12.11 Validity of Proxy Vote.** A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) by the chair of the meeting, before the vote is taken.

**12.12 Form of Proxy.** A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

*[Name of Company]*  
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder): \_\_\_\_\_ .

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
(Signature of shareholder)

\_\_\_\_\_  
(Name of shareholder - printed)

**12.13 Revocation of Proxy.** Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) provided, at the meeting, to the chair of the meeting.

**12.14 Revocation of Proxy Must Be Signed.** An instrument referred to in Article 12.13 must be signed as follows:

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

**12.15 Production of Evidence of Authority to Vote.** The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

## **PART 13 DIRECTORS**

**13.1 First Directors; Number of Directors.** The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (a) subject to paragraphs (b) and (c), the number of directors that is equal to the number of the Company's first directors;
- (b) if the Company is a public company, the greater of three and the most recently set of:
  - (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (ii) the number of directors set under Article 14.4;
- (c) if the Company is not a public company, the most recently set of:
  - (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (ii) the number of directors set under Article 14.4.

**13.2 Change in Number of Directors.** If the number of directors is set under Articles 13.1(b)(i) or 13.1(c)(i):

- (a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (b) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

**13.3 Directors' Acts Valid Despite Vacancy.** An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

**13.4 Qualifications of Directors.** A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

**13.5 Remuneration of Directors.** The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That

remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

**13.6 Reimbursement of Expenses of Directors.** The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

**13.7 Special Remuneration for Directors.** If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

**13.8 Gratuity, Pension or Allowance on Retirement of Director.** Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## **PART 14 ELECTION AND REMOVAL OF DIRECTORS**

**14.1 Election at Annual General Meeting.** At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

**14.2 Consent to be a Director.** No election, appointment or designation of an individual as a director is valid unless:

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (c) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

**14.3 Failure to Elect or Appoint Directors.** If:

- (a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (c) the date on which his or her successor is elected or appointed; and
- (d) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

**14.4 Places of Retiring Directors Not Filled.** If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

**14.5 Directors May Fill Casual Vacancies.** Any casual vacancy occurring in the board of directors may be filled by the directors.

**14.6 Remaining Directors Power to Act.** The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

**14.7 Shareholders May Fill Vacancies.** If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

**14.8 Additional Directors.** Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(a), but is eligible for re-election or re-appointment

**14.9 Ceasing to be a Director.** A director ceases to be a director when:

- (a) the term of office of the director expires;
- (b) the director dies;
- (c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (d) the director is removed from office pursuant to Articles 14.10 or 14.11.

**14.10 Removal of Directors by Shareholders.** The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

**14.11 Removal of Directors by Directors.** The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

**14.12 Nomination of Directors.** Subject only to the *Business Corporations Act*, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board of directors may be made at any annual general meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which a special meeting was called was the election of directors, (a) by or at the direction of the board of directors or an authorized officer of the Company, including pursuant to a notice of meeting of shareholders, (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act* or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act* or (c) by any person (a “**Nominating Shareholder**”) (i) who, at the close of business on the date of the giving of the notice provided for below in this Article 14.12 and on the record date for the receipt of notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting, or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this Article 14.12:

- (A) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must have given timely notice thereof in proper written form (the “**Notice**”) to the Corporate Secretary of the Company at the principal executive offices of the Company, in accordance with this Article 14.12.
- (B) To be timely, a Notice to the Corporate Secretary of the Company must be given not less than 35 nor more than 65 days prior to the date of the annual general or special meeting of shareholders, as the case may be; provided, however, that in the event that the meeting of shareholders is called for at a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the meeting was made, the Notice must be given by the Nominating Shareholder not later than the close of business on the tenth (10<sup>th</sup>) day following the Notice Date. Notwithstanding the foregoing, the board of directors may, in its sole discretion, waive any requirement in this paragraph (B). In no event shall any adjournment or postponement of a meeting of shareholders, or the public announcement thereof, commence a new time period for the giving of the Notice.
- (C) To be in proper written form, the Notice to the Corporate Secretary of the Company must set forth: (a) as to each person who the Nominating Shareholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person (A) as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred), and (B) as of the date of such Notice and (iv) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and applicable securities laws; and (b) as to the Nominating Shareholder, any information relating to such Nominating Shareholder that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and applicable securities laws.
- (D) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12; provided, however, that nothing herein shall be deemed to preclude discussions by a shareholder (as distinct from seeking to nominate directors) at a meeting of shareholders, on any matter in respect of which such shareholder would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act*. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in

compliance with such foregoing provisions, to declare that such nomination is invalid due to its non-compliance with this Article 14.12.

- (E) For purposes of this Article 14.12, (i) “**public announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and (ii) “**applicable securities laws**” means the securities legislation in those provinces and territories of Canada to which the Company is subject, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the relevant provinces and territories of Canada.
- (F) Notwithstanding Articles 24.1 and 24.2, the Notice given to the Corporate Secretary of the Company pursuant to this Article 14.12 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary of the Company for the purposes of such Notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is not a business day, or later than 5:00 pm (Vancouver time) on a day which is a business day, then such a delivery or electronic communication shall be deemed to have been made on the next following business day.

## **PART 15**

### **ALTERNATE DIRECTORS**

**15.1 Appointment of Alternate Director.** Any director (an “appointor”) may by notice in writing received by the Company appoint any person (an “appointee”) who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

**15.2 Notice of Meetings.** Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

**15.3 Alternate for More Than One Director Attending Meetings.** A person may be appointed as an alternate director by more than one director, and an alternate director:

- (a) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (b) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (c) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
- (d) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

**15.4 Consent Resolutions.** Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

**15.5 Alternate Director Not an Agent.** Every alternate director is deemed not to be the agent of his or her appointor.

**15.6 Revocation of Appointment of Alternate Director.** An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

**15.7 Ceasing to be an Alternate Director.** The appointment of an alternate director ceases when:

- (a) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (b) the alternate director dies;
- (c) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (d) the alternate director ceases to be qualified to act as a director; or
- (e) his or her appointor revokes the appointment of the alternate director.

**15.8 Remuneration and Expenses of Alternate Director.** The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such

proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

## **PART 16 POWERS AND DUTIES OF DIRECTORS**

**16.1 Powers of Management.** The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

**16.2 Appointment of Attorney of Company.** The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

## **PART 17 DISCLOSURE OF INTEREST OF DIRECTORS**

**17.1 Obligation to Account for Profits.** A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

**17.2 Restrictions on Voting by Reason of Interest.** A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

**17.3 Interested Director Counted in Quorum.** A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

**17.4 Disclosure of Conflict of Interest or Property.** A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

**17.5 Director Holding Other Office in the Company.** A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

**17.6 No Disqualification.** No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

**17.7 Professional Services by Director or Officer.** Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

**17.8 Director or Officer in Other Corporations.** A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

## PART 18 PROCEEDINGS OF DIRECTORS

**18.1 Meetings of Directors.** The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

**18.2 Voting at Meetings.** Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

**18.3 Chair of Meetings.** The following individual is entitled to preside as chair at a meeting of directors:

- (a) the chair of the board, if any;

- (b) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (c) any other director chosen by the directors if:
  - (i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
  - (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
  - (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

**18.4 Meetings by Telephone or Other Communications Medium.** A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

**18.5 Calling of Meetings.** A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

**18.6 Notice of Meetings.** Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

**18.7 When Notice Not Required.** It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (b) the director or alternate director, as the case may be, has waived notice of the meeting.

**18.8 Meeting Valid Despite Failure to Give Notice.** The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

**18.9 Waiver of Notice of Meetings.** Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

**18.10 Quorum.** The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

**18.11 Validity of Acts Where Appointment Defective.** Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

**18.12 Consent Resolutions in Writing.** A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## **PART 19 EXECUTIVE AND OTHER COMMITTEES**

**19.1 Appointment and Powers of Executive Committee.** The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (a) the power to fill vacancies in the board of directors;

- (b) the power to remove a director;
- (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

**19.2 Appointment and Powers of Other Committees.** The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:
  - (i) the power to fill vacancies in the board of directors;
  - (ii) the power to remove a director;
  - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (iv) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

**19.3 Obligations of Committees.** Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
- (b) report every act or thing done in exercise of those powers at such times as the directors may require.

**19.4 Powers of Board.** The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (b) terminate the appointment of, or change the membership of, the committee; and
- (c) fill vacancies in the committee.

**19.5 Committee Meetings.** Subject to Article 19.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (a) the committee may meet and adjourn as it thinks proper;
- (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

## **PART 20 OFFICERS**

**20.1 Directors May Appoint Officers.** The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

**20.2 Functions, Duties and Powers of Officers.** The directors may, for each officer:

- (a) determine the functions and duties of the officer;
- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

**20.3 Qualifications.** No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

**20.4 Remuneration and Terms of Appointment.** All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors thinks fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

## PART 21 INDEMNIFICATION

### 21.1 **Definitions.** In this Article 21:

- (a) “**eligible penalty**” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (b) “**eligible proceeding**” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
  - (i) is or may be joined as a party; or
  - (ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (c) “**expenses**” has the meaning set out in the *Business Corporations Act*.

**21.2 Mandatory Indemnification of Directors and Former Directors.** Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

**21.3 Indemnification of Other Persons.** Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

**21.4 Non-Compliance with *Business Corporations Act*.** The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

**21.5 Company May Purchase Insurance.** The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (a) is or was a director, alternate director, officer, employee or agent of the Company;
- (b) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (c) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

- (d) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

## **PART 22 DIVIDENDS**

**22.1 Payment of Dividends Subject to Special Rights.** The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

**22.2 Declaration of Dividends.** Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

**22.3 No Notice Required.** The directors need not give notice to any shareholder of any declaration under Article 22.2.

**22.4 Record Date.** The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

**22.5 Manner of Paying Dividend.** A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

**22.6 Settlement of Difficulties.** If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (a) set the value for distribution of specific assets;
- (b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

**22.7 When Dividend Payable.** Any dividend may be made payable on such date as is fixed by the directors.

**22.8 Dividends to be Paid in Accordance with Number of Shares.** All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

**22.9 Receipt by Joint Shareholders.** If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

**22.10 Dividend Bears No Interest.** No dividend bears interest against the Company.

**22.11 Fractional Dividends.** If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

**22.12 Payment of Dividends.** Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

**22.13 Capitalization of Surplus.** Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

## **PART 23 DOCUMENTS, RECORDS AND REPORTS**

**23.1 Recording of Financial Affairs.** The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

**23.2 Inspection of Accounting Records.** Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

## **PART 24 NOTICES**

**24.1 Method of Giving Notice.** Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (a) mail addressed to the person at the applicable address for that person as follows:
  - (i) for a record mailed to a shareholder, the shareholder's registered address;
  - (ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
  - (iii) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
  - (i) for a record delivered to a shareholder, the shareholder's registered address;
  - (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
  - (iii) in any other case, the delivery address of the intended recipient;
- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (e) physical delivery to the intended recipient.

**24.2 Deemed Receipt of Mailing.** A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

**24.3 Certificate of Sending.** A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

**24.4 Notice to Joint Shareholders.** A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

**24.5 Notice to Trustees.** A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (a) mailing the record, addressed to them:
  - (i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in paragraph (a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

## **PART 25 SEAL AND EXECUTION OF DOCUMENTS**

**25.1 Who May Attest Seal.** Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (a) any two directors;
- (b) any officer, together with any director;
- (c) if the Company only has one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

**25.2 Sealing Copies.** For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer.

**25.3 Mechanical Reproduction of Seal.** The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer,

an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

**25.4 Execution of Documents Generally.** The Directors may from time to time by resolution appoint any one or more persons, officers or Directors for the purpose of executing any instrument, document or agreement in the name of and on behalf of the Company for which the seal need not be affixed, and if no such person, officer or Director is appointed, then any one officer or Director of the Company may execute such documents.

## **PART 26 PROHIBITIONS**

**26.1 Definitions.** In this Article 26:

- (a) “**designated security**” means:
  - (i) a voting security of the Company;
  - (ii) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
  - (iii) a security of the Company convertible, directly or indirectly, into a security described in paragraph (i) or (ii);
- (b) “**security**” has the meaning assigned in the *Securities Act* (British Columbia);
- (c) “**voting security**” means a security of the Company that:
  - (i) is not a debt security, and
  - (ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

**26.2 Application.** Article 26.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

**26.3 Consent Required for Transfer of Shares or Designated Securities.** No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

SIGNATURE OF DIRECTOR

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**Keith Piggott**

**President & Chief Executive Officer**

DATED August 17, 2017.

**SCHEDULE "C"**  
**DISSENT RIGHTS**

**SHAREHOLDER'S RIGHT TO DISSENT**

193(1) Subject to sections 194 and 243, a holder of shares of any class of a corporation may dissent if the corporation resolves to

- (a) amend its articles under section 175 or 176 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class;
- (b) amend its articles under section 175 to add, change or remove any restrictions on the business or businesses that the corporation may carry on;
- (c) amalgamate with another body corporate, otherwise than under section 186;
- (d) be continued under the laws of another jurisdiction under section 191; or
- (e) sell, lease or exchange all or substantially all its property under paragraph 192(1)(c).

(2) A holder of shares of any class or series of shares entitled to vote under section 178 may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

- (a) at or before any meeting of shareholders at which the resolution is to be voted on; or
- (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after learning that the resolution was adopted and of the right to dissent.

(5.1) The execution or exercise of a proxy does not constitute a written objection for the purposes of subsection (5).

(5.1) The execution or exercise of a proxy does not constitute a written objection for the purposes of subsection (5).

- (a) by the corporation; or
- (b) subject to subsection (6.1), by a shareholder if an objection under subsection (5) has been sent by the shareholder to the corporation,

to set the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section.

(6.1) A shareholder who has sent an objection under subsection (5) ceases to be a dissenting shareholder and is not entitled to make an application under subsection (6) or to claim under this section if

- (a) the shareholder votes, in person or by proxy, in favour of the resolution referred to in subsection (1) or (2);  
or
- (b) the shareholder withdraws the objection by written notice to the corporation

- (7) If an application is made under subsection (6), the corporation shall, unless the Supreme Court otherwise orders, send to each dissenting shareholder a written offer to pay an amount considered by the directors to be the fair value of the shares to that shareholder
- (8) Unless the Supreme Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder
  - (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant; or
  - (b) within 10 days after the corporation is served with a copy of the originating notice, if a shareholder is the applicant.
- (9) Every offer made under subsection (7) shall
  - (a) be made on the same terms; and
  - (b) contain or be accompanied by a statement showing how the fair value was determined.
- (10) A dissenting shareholder may make an agreement with the corporation for the purchase of that shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Supreme Court pronounces an order setting the fair value of the shares.
- (11) A dissenting shareholder
  - (a) is not required to give security for costs in respect of an application under subsection (6); and
  - (b) except in special circumstances shall not be required to pay the costs of the application or appraisal.
- (12) In connection with an application under subsection (6), the Supreme Court may give directions for
  - (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Supreme Court, are in need of representation;
  - (b) the trial of issues and interlocutory matters, including pleadings and examinations for discovery;
  - (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares;
  - (d) the deposit of the share certificates with the Supreme Court or with the corporation or its transfer agent;
  - (e) the appointment and payment of independent appraisers, and the procedures to be followed by them;
  - (f) the service of documents; and
  - (g) the burden of proof on the parties
- (13) On an application under subsection (6), the Supreme Court shall make an order
  - (a) setting the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application;
  - (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders; and

(c) setting the time within which the corporation must pay that amount to a shareholder.

(14) On

(a) the action approved by the resolution from which the shareholder dissents becoming effective;

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for that shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise; or

(c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Paragraph (14)(a) does not apply to a shareholder referred to in paragraph (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the dissent; or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Supreme Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder because of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13); or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shares, notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Even though a judgment has been given in favour of a dissenting shareholder under paragraph (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to having full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

(21) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the Supreme Court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (3), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance with such terms and conditions as the Supreme Court thinks fit. S.Y. 2010, c.8, s.126; S.Y. 2002, c.20, s.193