

## ATAC RESOURCES LTD.

### MANAGEMENT INFORMATION CIRCULAR FOR THE ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON NOVEMBER 18, 2020

This information is given as of October 9, 2020

#### **I. SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management of **ATAC RESOURCES LTD.** (the "Company") for use at the Annual and Special General Meeting (the "Meeting") of the shareholders of the Company, to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

#### **II. COVID-19 NOTICE**

**COVID-19 NOTICE:** Due to the public health restrictions implemented to combat the spread of the COVID-19 pandemic, including restrictions on mass gatherings implemented by the Government of British Columbia and taking into account the health and safety of our shareholders, service providers and other stakeholders, **THE COMPANY IS REQUESTING ALL SHAREHOLDERS TO REFRAIN FROM ATTENDING THE MEETING IN PERSON AND, INSTEAD, TO VOTE BY PROXY OR BY VOTING INSTRUCTION FORM, BY MAIL, BY TELEPHONE OR BY THE INTERNET, RATHER THAN ATTENDING THE MEETING IN PERSON TO VOTE. THE COMPANY WILL LIMIT ATTENDEES AS REQUIRED BY THE MASS GATHERING RESTRICTIONS IMPLEMENTED BY THE GOVERNMENT OF BRITISH COLUMBIA AT THE TIME OF THE MEETING.** In addition, any attendees will be required to practice social distancing at the Meeting.

**In light of the public health restrictions, the Company will not be providing a corporate presentation or question and answer session at the Meeting.**

**As the COVID-19 outbreak continues to be a rapidly evolving situation, and in light of changing public health restrictions and recommendations related to COVID-19, there may be changes to the date, time and location of the Meeting, or the Company may adjourn or postpone the Meeting. The Company will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting. Any such changes will be communicated by news release which will be made available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).**

**WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO VOTE BY PROXY OR BY VOTING INSTRUCTION FORM RATHER THAN ATTENDING THE MEETING IN PERSON.**

All proxies and voting instruction forms, to be valid, must be received by Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, at least forty-eight (48) hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Late proxies or voting instruction forms may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy

**III. PERSONS OR COMPANIES MAKING THE SOLICITATION**

**The enclosed instrument of proxy is solicited by management.** Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the instrument of proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company has advised management in writing that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

**IV. APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying instrument of proxy are directors or officers of the Company. **A shareholder has the right to appoint a person to attend and act for him on his behalf at the Meeting other than the persons named in the enclosed instrument of proxy. To exercise this right, a shareholder shall strike out the names of the persons named in the instrument of proxy and insert the name of his nominee in the blank space provided, or complete another instrument of proxy.**

**The completed instrument of proxy must be dated and signed and the duly completed instrument of proxy must be deposited with the Company's transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays, Sundays and holidays.**

The instrument of proxy must be signed by the shareholder or by his duly authorized attorney. If signed by a duly authorized attorney, the instrument of proxy must be accompanied by the original power of attorney or a notarially certified copy thereof. If the shareholder is a corporation, the instrument of proxy must be signed by a duly authorized attorney, officer, or corporate representative, and must be accompanied by the original power of attorney or document whereby the duly authorized officer or corporate representative derives his power, as the case may be, or a notarially certified copy thereof. The Chairman of the Meeting has discretionary authority to accept proxies which do not strictly conform to the foregoing requirements.

**In addition to revocation in any other manner permitted by law, a shareholder may revoke a proxy by (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid, (b) signing and dating a written notice of revocation (in the same manner as the instrument of proxy is required to be executed as set out in the notes to the instrument of proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) registering with the scrutineer at the Meeting as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked.**

## V. VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed instrument of proxy will vote the shares in respect of which they are appointed and, where directions are given by the shareholder in respect of voting for or against any resolution, will do so in accordance with such direction.

**In the absence of any direction in the instrument of proxy, it is intended that such shares will be voted in favour of the resolutions placed before the Meeting by management and for the election of the management nominees for directors and auditor, as stated under the headings in this Information Circular.** The instrument of proxy enclosed, when properly completed and deposited, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters which may be properly brought before the Meeting. At the time of printing of this Information Circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any such amendments, variations or other matters should properly come before the Meeting, the proxies hereby solicited will be voted thereon in accordance with the best judgment of the nominee.

## VI. ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES

Only registered holders of common shares of the Company or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) that the Non-Registered Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

### *Distribution to NOBOs*

In accordance with the requirements of the Canadian Securities Administrators and National Instrument 54-101, “Communication with Beneficial Owners of Securities of a Reporting Issuer” (“**NI-54-101**”), the Company will have caused its agent to distribute copies of the Notice of Meeting and this Circular (collectively, the “**meeting materials**”) as well as a Voting Instruction Form directly to those Non-Registered Holders who have provided instructions to an Intermediary that such Non-Registered Holder does not object to the Intermediary disclosing ownership information about the beneficial owner (“**Non-Objecting Beneficial Owner**” or “**NOBO**”).

*These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.*

*By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for Voting Instruction Form enclosed with mailings to NOBOs.*

The meeting materials distributed by the Company’s agent to NOBOs include a Voting Instruction Form. Please carefully review the instructions on the Voting Instruction Form for completion and deposit.

*Distribution to OBOs*

In addition, the Company will have caused its agent to deliver copies of the meeting materials to the clearing agencies and Intermediaries for onward distribution to those Non-Registered Shareholders who have provided instructions to an Intermediary that the beneficial owner objects to the Intermediary disclosing ownership information about the beneficial owner (“**Objecting Beneficial Owner**” or “**OBO**”).

Intermediaries are required to forward the meeting materials to OBOs unless an OBO has waived his or her right to receive them. Intermediaries often use service companies such as Broadridge Proxy Services to forward the meeting materials to OBOs. Generally, those OBOs who have not waived the right to receive meeting materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the OBO, but which is otherwise uncompleted. This form of proxy need not be signed by the OBO. In this case, the OBO who wishes to submit a proxy should properly complete the form of proxy and deposit it with **Computershare Investor Services Inc.** in the manner set out above in this Information Circular, with respect to the common shares beneficially owned by such OBO; **OR**
- (b) more typically, be given a voting registration form which is not signed by the Intermediary and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute authority and instructions (often called a “**proxy authorization form**”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code or other information. In order for the form of proxy to validly constitute a proxy authorization form, the OBO must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit the OBO to direct the voting of the shares he or she beneficially owns.

**Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the persons named in the form and insert the Non-Registered Holder’s name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

**VII. VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

**A. Voting Securities**

On October 9, 2020, there were 162,658,547 common shares of the Company issued and outstanding, each share carrying the right to one vote. At a general meeting of the Company, on a show of hands, every shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each share of which he is the holder.

**B. Record Date**

Only shareholders of record at the close of business on October 9, 2020, who either personally attend the Meeting or who complete and deliver an instrument of proxy in the manner and subject to the provisions set out under the heading "Appointment and Revocation of Proxies" will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

**C. Principal Holders**

To the knowledge of the directors and executive officers of the Company, the only persons who beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company, are as follows:

Name of Shareholder	Number of Shares	Percentage of Issued and Outstanding Shares
Barrick Gold Corporation	27,886,960	17.14%

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

Other than as disclosed elsewhere in this Information Circular, none of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

**IX. INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

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

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

The Company was a party to the following material transactions with informed persons during the financial year ended December 31, 2019:

- (a) property location, acquisition, exploration, management, office rent and administration charges totalling \$1,419,982 were incurred with Archer, Cathro & Associates (1981) Limited, of Vancouver, B.C., a geological consulting firm of which Graham Downs, the President and Chief Executive Officer of the Company, was an employee until August 31, 2016;
- (b) legal fees and disbursements totalling \$49,004 were incurred with Tupper Jonsson & Yeadon, of Vancouver, B.C., a law firm in which a personal law corporation controlled by Company Secretary and Director Glenn R. Yeadon is associated in the practice of law;
- (c) consulting fees totalling \$42,000 were incurred with Douglas O. Goss Professional Corporation, of Edmonton, Alberta, a personal law corporation controlled by Company Chairman and Director Douglas O. Goss;
- (d) accounting fees and disbursements totalling \$50,700 were incurred with Donaldson Brohman Martin CPA Inc., of Port Moody, B.C., an accounting firm of which Larry B. Donaldson, the Chief Financial Officer of the Company, is a principal;
- (e) consulting fees totalling \$42,000 were incurred with the Company's Chief Operating Officer Ian J. Talbot, of North Vancouver, B.C.;
- (f) consulting fees totalling \$29,640 were incurred with Carvest Holdings Ltd., of Burnaby, B.C., a private company controlled by Company Director Robert C. Carne;
- (g) salary of \$229,001 was paid to the Company's President and Chief Executive Officer Graham Downs, of Squamish, B.C.;
- (h) fees of \$12,000 were incurred with Kenway Mack Slusarchuk Stewart LLP, of Calgary, Alberta, a firm of Chartered Professional Accountants, of which Bruce J. Kenway is a partner, in respect of accounting services provided by Mr. Kenway as the Chairman of the Company's Audit Committee; and
- (i) salary of \$136,750 was paid to the Company's former Vice-President, Corporate Affairs Matthew Keevil, of Vancouver, B.C.

Other than as disclosed elsewhere in this Information Circular, no informed person, no proposed director of the Company and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Company's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

## **X. STATEMENT OF EXECUTIVE COMPENSATION**

### **A. General Provisions**

For the purposes of this Information Circular:

"CEO" of the Company means an individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"CFO" of the Company means an individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"company" includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

"equity incentive plan" means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 *Share-based Payment*;

"incentive plan" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

"incentive plan award" means compensation awarded, earned, paid or payable under an incentive plan;

"NEO" or "named executive officer" means each of the following individuals:

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

"non-equity incentive plan" means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

"option-based award" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

"plan" includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

"repricing" means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option; and

"share-based award" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

## **B. Compensation Discussion and Analysis**

### **COMPENSATION PROGRAM OBJECTIVES**

The Company's compensation policies and programs are designed to be competitive with similar junior resource exploration companies and to recognize and reward executive performance consistent with the success of the Company. These policies and programs are intended to attract and retain capable and experienced people. The Company's Corporate Governance and Compensation Committee's role and philosophy is to ensure that the

Company's goals and objectives, as applied to the actual compensation paid to the Company's President and Chief Executive Officer and other executive officers, are aligned with the Company's overall business objectives and with shareholders interests.

In addition to informal industry comparables from publicly available information, the Corporate Governance and Compensation Committee considers a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-range interests of the Company and its shareholders, overall financial and operating performance of the Company, and the Corporate Governance and Compensation Committee's assessment of each executive's individual performance and contribution toward meeting corporate objectives. Performance is also recognized through the Company's incentive option plan.

#### **ROLE OF EXECUTIVE OFFICERS IN DETERMINING COMPENSATION**

The Corporate Governance and Compensation Committee reviews and recommends compensation policies and programs to the Company, as well as salary and benefit levels for the Company's executives. The Company's President and Chief Executive Officer may not be present during meetings of the Corporate Governance and Compensation Committee at which their compensation is being discussed. The Board of Directors makes the final determination regarding the Company's compensation programs and practise.

#### **ELEMENTS OF THE COMPENSATION PROGRAM FOR FISCAL YEAR 2019**

The total compensation plan for the NEOs is comprised of two components: base salary or consulting fees and stock options. There is no policy or target regarding cash and non-cash elements of the Company's compensation program. The Corporate Governance and Compensation Committee annually reviews the total compensation of the Company's executives against the backdrop of the compensation goals and objectives described above and make recommendations to the Board of Directors concerning the individual components of the executives' compensation.

#### **BASE SALARY**

As a junior exploration resource company with no ongoing cash flow or revenues from production, the Company establishes compensation to its executive officers at a reasonable level, in keeping with the Company's available resources.

#### **STOCK OPTIONS**

The Company has a Stock Option Plan (the "Plan") in place for the granting of stock options to the directors, officers, employees and consultants of the Company. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating such persons and to closely align the personal interest of such persons to that of the Company's shareholders, having regard to the fact that the Company has no ongoing cash flow or revenue from production and, as a result, there are limited funds available for the payment of salaries or consulting fees. The allocation of options under the Plan is determined by the Corporate Governance and Compensation Committee which, in determining such allocations, considers such factors as previous grants to individuals, overall Company performance, share price, the role and performance of the individual in question, the amount of time directed to the Company's affairs and time expended in serving on the Company's committees.

#### **RISK CONSIDERATIONS**

Commencing in 2012, the Corporate Governance and Compensation Committee started to review from time to time and at least once annually, the risks, if any, associated with the Company's compensation policies and

practices at such time. Such a review occurred at the time of preparation of this Compensation Discussion and Analysis. Implicit in the Corporate Governance and Compensation Committee's mandate is that the Company's policies and practices respecting compensation, including those applicable to the Company's executives, be designed in a manner which is in the best interests of the Company and its shareholders, and risk implications is one of many considerations which are taken into account in such design.

It is anticipated that a portion (set at a level consistent with its industry peers) of the Company's executive compensation will consist of options granted under the Plan. Such compensation is both "long term" and "at risk" and, accordingly, is directly linked to the achievement of long term value creation. As the benefits of such compensation, if any, are not realized by the executives until a significant period of time has passed, the ability of executives to take inappropriate or excessive risks that are beneficial to them from the standpoint of their compensation at the expense of the Company and its shareholders is extremely limited.

The other element of compensation, salary, represents the remaining portion of an executive's total compensation. While salary is not "long term" or "at risk", as noted above, these components of compensation represent a relatively small part of total compensation, and as a result it is unlikely that an executive would take inappropriate or excessive risks at the expense of the Company and its shareholders that would be beneficial to the executive from the standpoint of the executive's short term compensation when his or her long term compensation might be put at risk from such actions.

Due to the relatively small size of the Company, and the current level of the Company's activity, the Board and the Corporate Governance and Compensation Committee are able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings, during which financial and other information pertaining to the Company will be reviewed, which review will include executive compensation. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

There are no policies in place pursuant to which an NEO or director is permitted to purchase financial instruments including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an NEO or director.

**C. Summary Compensation Table**

Graham N. Downs, the Company's President and CEO, and Larry B. Donaldson, the Company's CFO, are the NEOs of the Company for the purposes of the following disclosure. The compensation for the NEOs, directly or indirectly, for the Company's three most recently-completed financial years is as follows:

Name and Principal Position	Year	Salary (\$)	Share based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Graham N. Downs <sup>(2)</sup> President and CEO	December 31, 2019	229,101	Nil	31,500	Nil	Nil	Nil	Nil	260,601
	December 31, 2018	228,919	Nil	93,500	Nil	Nil	Nil	Nil	322,419
	December 31, 2017	228,866	Nil	68,000	Nil	Nil	Nil	Nil	296,866
Larry B. Donaldson <sup>(3)</sup> CFO	December 31, 2019	Nil	Nil	27,000	Nil	Nil	Nil	50,700 <sup>(4)</sup>	77,700
	December 31, 2018	Nil	Nil	76,500	Nil	Nil	Nil	56,300 <sup>(4)</sup>	132,800
	December 31, 2017	Nil	Nil	51,000	Nil	Nil	Nil	62,960 <sup>(4)</sup>	113,960

#### D. Incentive Plan Awards

As disclosed under "B. Compensation Discussion and Analysis" of this Item IX ("Statement of Executive Compensation"), the Company has a Stock Option Plan (the "Plan") in place for the purpose of attracting and motivating directors, officers, employees and consultants of the Company and advancing the interests of the Company by affording such persons the opportunity to acquire an equity interest in the Company through rights granted under the Plan to purchase shares of the Company. A copy of the Plan will be available for review at the Meeting.

<sup>(1)</sup> The value of the incentive stock options granted during the financial year ended December 31, 2019 was \$0.18 per option, the value of the incentive stock options granted during the financial year ended December 31, 2018 was \$0.34 per option, and the value of the incentive stock options granted during the financial year ended December 31, 2017 was \$0.34 per option. The Company calculated the compensation cost by using the Black-Scholes option pricing model as follows: for options granted in 2019 by assuming a risk free interest rate of 1.84%, a dividend yield of nil, the expected annual volatility of the Company's share price of 71.98% and an expected life of the options of five years; for options granted in 2018 by assuming a risk free interest rate of 2.12% , a dividend yield of nil, the expected annual volatility of the Company's share price of 78.61% and an expected life of the options of five years; and for options granted in 2017 by assuming a risk free interest rate of 0.94%, a dividend yield of nil, the expected annual volatility of the Company's share price of 71.49% and an expected life of the options of five years. There was no cash compensation actually paid to any of the NEOs disclosed in the above table in connection with the granting of the incentive stock options in respect of which these "Option-based awards" were calculated.

<sup>(2)</sup> Mr. Downs was appointed CEO on March 12, 2007, and was appointed President on June 18, 2015.

<sup>(3)</sup> Mr. Donaldson was appointed CFO on May 18, 2011.

<sup>(4)</sup> Paid to Donaldson Brohman Martin CPA Inc. (formerly Donaldson Grassi, Chartered Professional Accountants until January 31, 2019), an accounting firm of which Mr. Donaldson is a principal.

Options are granted from time to time under the Plan as determined by the Board of Directors upon recommendation from the Corporate Governance and Compensation Committee, including options granted to executive officers. Previous grants of options under the Plan are taken into account when the granting of new options is being considered.

**OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS**

The following table discloses the particulars of all awards for each NEO outstanding at the end of the Company's financial year ended December 31, 2019, including awards granted before this most recently completed financial year<sup>(5)</sup>:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(6)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Graham Downs	175,000	0.31	January 21, 2021	Nil	N/A	N.A	N/A
	200,000	0.55	May 25, 2022	Nil			
	275,000	0.55	February 1, 2023	Nil			
	175,000	0.30	February 4, 2024	Nil			
Larry Donaldson	125,000	0.31	January 21, 2021	Nil	N/A	N/A	N/A
	150,000	0.55	May 25, 2022	Nil			
	225,000	0.55	February 1, 2023	Nil			
	150,000	0.30	February 4, 2024	Nil			

**INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR**

The following table summarizes the value of each incentive plan award vested or earned by each NEO during the financial year ended December 31, 2019:

<sup>(5)</sup> On January 9, 2020, Graham Downs and Larry Donaldson were granted incentive stock options in respect of 200,000 shares and 150,000 shares, respectively, exercisable at a price of \$0.22 per share having an expiry date of January 9, 2025, which options vest on a quarterly basis over a period of twelve months.

<sup>(6)</sup> "In-the-money options" means the excess of the market value of the Company's shares on December 31, 2019 over the exercise price of the options. The last trading price of the Company's shares on the TSX Venture Exchange on December 31, 2019 (being the last day in the 2019 calendar year in which the Company's shares traded on the TSX Venture Exchange) was \$0.225.

Name	Option-based awards – Value vested during the year (\$) <sup>(7)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Graham N. Downs	Nil	N/A	N/A
Larry B. Donaldson	Nil	N/A	N/A

#### OPTION REPRICINGS

There were no repricings of stock options granted under the Company’s Stock Option Plan during the financial year ended December 31, 2019.

#### E. Pension Plan Benefits

The Company has no defined benefit plans that provide for payments or benefits to any NEO at, following or in connection with retirement.

The Company also does not have any defined contribution or deferred compensation plans relating to any NEO.

#### F. Termination and Change of Control Benefits

Other than as disclosed herein, the Company does not have any pension or retirement plan which is applicable to the NEOs. The Company has not provided compensation, monetary or otherwise, during the most recently completed financial year, to any person who now or previously has acted as an NEO of the Company, in connection with or related to the retirement, termination or resignation of such person, and the Company has provided no compensation to any such person as a result of a change of control of the Company. The Company is not party to any compensation plan or arrangement with an NEO resulting from the resignation, retirement or termination of employment of any such person.

There are no compensatory plans or arrangements between the Company and an NEO with respect to the resignation, retirement or other termination of employment of the NEO, a change of control of the Company, or a change in the NEO’s responsibilities following a change of control of the Company involving an amount, including all periodic payments or instalments, exceeding \$50,000, save and except that the Company may terminate its employment agreement with its President and CEO Graham Downs by paying an amount equal to 18 months of salary in lieu of notice; in addition, in the event of a change of control of the Company resulting in an “event of termination” within six months of a change of control, Mr. Downs may elect to terminate his employment agreement with the Company, in which event the Company would be required to make a severance payment equal to 24 months salary.

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<sup>(7)</sup> “Value vested during the year” means the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. This amount is calculated by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date. There was no cash compensation actually paid to any of the NEOs disclosed in the above table in connection with the option-based awards in respect of which these values vested during the year were calculated.

**G. Director Compensation**

The Company has no pension plan or other arrangement for non-cash compensation for its directors who are not NEOs, except incentive stock options. During the Company’s completed financial year ended December 31, 2019, the following options were granted to directors who are not NEOs<sup>(8)</sup>:

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date
Robert C. Carne	175,000	0.30	February 4, 2024
Bruce J. Kenway	150,000	0.30	February 4, 2024
Glenn R. Yeadon	150,000	0.30	February 4, 2024
Douglas O. Goss	175,000	0.30	February 4, 2024
Bruce Youngman	150,000	0.30	February 4, 2024
Don Poirier	150,000	0.30	February 4, 2024

The following table discloses all amounts of compensation provided by the Company to its directors who are not NEOs for the financial year ended December 31, 2019:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(9)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Robert C. Carne	29,640	N/A	31,500	N/A	N/A	Nil	61,140
Bruce J. Kenway	12,000	N/A	27,000	N/A	N/A	Nil	39,000
Glenn R. Yeadon	49,004	N/A	27,000	N/A	N/A	Nil	76,004
Douglas O. Goss	42,000	N/A	31,500	N/A	N/A	Nil	73,500
Bruce Youngman	Nil	N/A	27,000	N/A	N/A	Nil	27,000
Don Poirier	Nil	N/A	27,000	N/A	N/A	Nil	27,000

Other than as set forth in the foregoing, no director of the Company who is not an NEO has received, during the most recently completed financial year, compensation pursuant to:

<sup>(8)</sup> On January 9, 2020, options in respect of a total of 1,000,000 shares were granted to directors who are not NEOs, exercisable at a price of \$0.22 per share having an expiry date of January 9, 2025, which options vest on a quarterly basis over a period of twelve months.

<sup>(9)</sup> The value of the incentive stock options granted during the financial year ended December 31, 2019 was \$0.18 per option. The Company calculated the compensation cost by using the Black-Scholes option pricing model assuming a risk free interest rate of 1.84%, a dividend yield of nil, the expected annual volatility of the Company’s share price of 71.98% and an expected life of the options of five years. There was no cash compensation actually paid to any of the directors who are not NEOs disclosed in the above table in connection with the granting of the incentive stock options in respect of which these “Option-based awards” were calculated.

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

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

The following table sets forth details of the Company's compensation plans under which equity securities of the Company were authorized for issuance at the end of the Company's financial year ended December 31, 2019<sup>(10)</sup>:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</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 plans</b>
Equity compensation plans approved by securityholders	12,437,500	\$0. 49	3,366,072
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>12,437,500</b>	<b>\$0. 49</b>	<b>3,366,072</b>

**XII. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No executive officer, director, employee, former executive officer, former director, former employee, proposed nominee for election as a director, or associate of any such person has been indebted to the Company or its subsidiaries at any time since the commencement of the Company's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company or its subsidiaries at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

**XIII. MANAGEMENT CONTRACTS**

Pursuant to a consulting agreement dated January 1, 2018, the Company engaged Ian J. Talbot to provide certain management services to the Company. Remuneration under that agreement is \$3,500 (plus GST) per month, based on Mr. Talbot providing 32 hours of management services to the Company per month.

Pursuant to a consulting agreement dated January 1, 2018, the Company engaged Douglas O. Goss Professional Corporation, a private company controlled by Company Chairman and Director Douglas O. Goss, to provide certain consulting services to the Company for remuneration of \$3,500 (plus GST or HST, if applicable) per month. This remuneration is based on an estimate of 10 hours of service being provided during each calendar month, with additional compensation to be paid at the rate of \$250 per hour of service provided.

<sup>(10)</sup> On January 9, 2020, the Company granted incentive stock options to its directors, officers, employees and consultants, entitling them to purchase up to a total of 2,210,000 shares at a price of \$0.22 per share, which options vest on a quarterly basis over a period of twelve months, and which have an expiry date of January 9, 2025.

Pursuant to an employment agreement dated September 1, 2018, the Company engaged its President and CEO Graham Downs as an employee for remuneration of \$225,000 per annum.

Pursuant to an employment agreement dated March 1, 2018, the Company engaged its VP Corporate Affairs Matthew Keevil as an employee for remuneration of \$130,000 per annum. That agreement was terminated upon Mr. Keevil's resignation as VP Corporate Affairs effective November 22, 2019.

#### **XIV. CORPORATE GOVERNANCE**

Pursuant to National Policy 58-101 – Disclosure of Corporate Governance Practices (“**NP 58-101**”) the Company is required to and hereby discloses its corporate governance practices as follows:

##### **1. Board of Directors**

The Board of Directors of the Company facilitates its exercising of independent supervision over the Company's management through frequent meetings of the Board, both with and without members of the Company's management (including members of management that are also directors) being in attendance.

Bruce J. Kenway, Bruce Youngman and Don Poirier are “independent” directors in that each is independent and free from any interest, and any business or other relationship which could reasonably be perceived to materially interfere with the director's ability to act with the best interests of the Company, other than interests and relationships arising from shareholdings.

Robert C. Carne, Glenn R. Yeadon and Douglas O. Goss are members of management and/or provide services to the Company for which they are compensated, and are therefore not independent.

The mandate of the Board, as prescribed by the *Business Corporations Act (British Columbia)*, is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees.

##### **2. Directorships**

Certain of the directors of the Company (or nominees for director) are presently a director in one or more other reporting issuers, as follows:

###### **Directors**

Robert C. Carne

Bruce J. Kenway

Glenn R. Yeadon

Bruce A. Youngman

###### **Other Issuers**

Rockhaven Resources Ltd.

Strategic Metals Ltd., Silver Range Resources Ltd. and Trifecta Gold Ltd.

Strategic Metals Ltd., Taranis Resources Inc. and Rockhaven Resources Ltd.

Strategic Metals Ltd., Silver Range Resources Ltd., Rockhaven Resources Ltd. and Pacific Ridge Exploration Ltd.

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

Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to each new director. The Company provides continuing education for its directors as such need arises and encourages open discussion at all meetings which format encourages learning by the directors.

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

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance objectives and goals.

In addition, the Board must comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

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

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President of the Company. The Board monitors but does not formally assess the performance of individual Board members or committee members on their contributions.

### **6. Compensation**

The Company has a Corporate Governance and Compensation Committee, the members of which are Robert C. Carne, Douglas O. Goss and Glenn R. Yeadon. This Committee administers the Company's compensation program, the objectives of which are:

- (a) to attract and retain qualified and experienced executives to drive the continued development of the Company and its current and future mineral exploration assets, thereby creating shareholder value; and
- (b) to provide executives with appropriate compensation and incentives so as to encourage the development of the Company.

### **7. Other Board Committees**

In addition to the Audit Committee and the Corporate Governance and Compensation Committee, the Company has a Technical Committee, the members of which are Robert C. Carne, Bruce Youngman and William A. Wengzynowski. Messrs. Carne and Youngman are directors of the Company. Mr. Wengzynowski is an independent consulting geological engineer.

### **8. Assessments**

The Board will annually review its own performance and effectiveness as well as review annually the Audit Committee Charter and recommend revisions to the Board as necessary. Neither the Company nor the Board has determined formal means or methods to regularly assess the Board, its committees, or the individual

directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director are informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Company feels its corporate governance practices are appropriate and effective for the Company, given its relatively small size and limited operations. The Company's method of corporate governance allows for the Company to operate efficiently, with simple checks and balances that control and monitor management and corporate functions without excessive administrative burden.

## **XV. AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 of the Canadian Securities Administrators ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following.

### **A. Audit Committee Charter**

The Company's audit committee is governed by an audit committee charter, the text of which is attached as Schedule "A" to this Information Circular.

### **B. Composition of the Audit Committee**

The Company's audit committee consists of three directors, Bruce J. Kenway, Glenn R. Yeadon and Don Poirier. As defined in NI 52-110, each of Messrs. Kenway and Poirier is "independent" and Mr. Yeadon is not "independent".

A member of the audit committee is "independent" if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board of Directors, reasonably interfere with the exercise of the member's independent judgment.

### **C. Relevant Education and Experience**

NI 52-110 provides that a member of the audit committee is considered to be "financially literate" if he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexities of the issues that can reasonably be expected to be raised by the Company.

All of the members of the Company's audit committee are considered to be "financially literate", as that term is defined in NI 52-110.

Bruce J. Kenway is a chartered professional accountant who in 1986 became a founding member of Kenway Mack Slusarchuk Stewart LLP, Chartered Professional Accountants. He continues to practice as a partner with that firm. He has been a director of various reporting issuers for many years. He has chaired the Audit Committee for the Company since the Committee's inception.

Glenn R. Yeadon is a barrister and solicitor in British Columbia, practicing mainly in the field of securities law. He has been associated in the practice of law with Tupper, Jonsson & Yeadon and predecessor firms since 1980. He obtained a Bachelor of Commerce from the University of British Columbia in 1975, and a Bachelor of Laws from the University of British Columbia in 1976. He has been a director and an officer of a number of reporting issuers for many years.

Don Poirier is a retired mining executive who previously worked with a mid-tier metals producer and prior to that, in the capital markets area as a mining analyst. He is also a graduate of the Institute of Corporate Directors – Director Education Program at the University of Toronto, Rotman School of Management, and a member of the Institute of Corporate Directors.

The Board of Directors believes that the audit committee members have the relevant education and experience to comply with NI 52-110.

Since the commencement of the Company's most recently completed financial year, the Company's Board of Directors has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

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

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board of Directors, and where applicable the audit committee, on a case-by-case basis.

#### **D. External Auditor Service Fees**

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

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees<sup>(11)</sup></b>	<b>Audit Related Fees<sup>(12)</sup></b>	<b>Tax Fees<sup>(13)</sup></b>	<b>All Other Fees<sup>(14)</sup></b>
December 31, 2019	\$35,000	Nil	Nil	Nil
December 31, 2018	\$35,427	Nil	Nil	Nil

**E. Exemption**

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

**XVI. PARTICULARS OF MATTERS TO BE ACTED UPON**

**A. Election of Directors**

Management intends to propose for adoption an ordinary resolution that the number of directors of the Company be fixed at **six (6)**.

Each director of the Company is elected annually and holds office until the next Annual General Meeting of the shareholders unless that person ceases to be a director before then. In the absence of instructions to the contrary, the shares represented by proxy will, on a poll, be voted for the nominees herein listed. **Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Information Circular:

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(11) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation such as comfort letters, consents, reviews of securities filings and statutory audits.

(12) “Audit Related Fees” include services that are traditionally performed by the auditor. These audit related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(13) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice include assistance with tax audits and appeals, tax advice related to mergers and acquisitions and requests for rulings or technical advice from tax authorities.

(14) “All Other Fees” include all other non-audit services.

Name of Nominee, Residence and Present Positions Held	Principal Occupation	Director Since	Number of Shares Beneficially Owned or Controlled
<b>Robert C. Carne</b> <sup>(15)(16)</sup> British Columbia, Canada Director	Geologist; Director of ATAC Resources Ltd. and Chairman and Director of Rockhaven Resources Ltd.	October 15, 1998	1,887,126
<b>Bruce J. Kenway</b> <sup>(17)</sup> Alberta, Canada Director	Chartered Professional Accountant; Founding member and partner of Kenway Mack Slusarchuk Stewart LLP, Chartered Professional Accountants	June 9, 2004	972,900
<b>Glenn R. Yeadon</b> <sup>(15)(17)</sup> British Columbia, Canada Secretary and Director	Barrister and Solicitor; associated in the practice of law (through a personal law corporation) with Tupper Jonsson & Yeadon, Barristers & Solicitors	March 12, 2007	444,667
<b>Douglas O. Goss, Q. C.</b> <sup>(15)</sup> Alberta, Canada Chairman and Director	Barrister and Solicitor; Counsel with Bryan & Company LLP since July 1997	March 6, 2000	488,588
<b>Bruce A. Youngman</b> <sup>(16)</sup> British Columbia, Canada Director	Director of each of Strategic Metals Ltd., Rockhaven Resources Ltd., Silver Range Resources Ltd. and Pacific Ridge Explorations Ltd.	June 10, 2010	36,000
<b>Don Poirier</b> <sup>(17)</sup> British Columbia, Canada Director	Retired mining executive	June 7, 2016	Nil

The terms of office of those nominees who are presently directors will expire as of the date of the Meeting. All of the directors who are elected at the Meeting will have their term of office expire at the next Annual General Meeting of the Company.

No proposed director of the Company is, or within the 10 years before the date of this Information Circular has been, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

<sup>(15)</sup> Denotes member of the Corporate Governance and Compensation Committee.

<sup>(16)</sup> Denotes member of the Technical Committee

<sup>(17)</sup> Denotes member of the Audit Committee.

- (c) 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.

No proposed director of the Company 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 proposed director.

The above information was provided by management of the Company.

**B. Appointment of Auditors**

Management proposes that Davidson & Company LLP, Chartered Professional Accountants, of Suite 1200 – 609 Granville Street, Vancouver, B.C. be reappointed as Auditors of the Company for the ensuing year at a remuneration to be negotiated between the Auditors and the Board of Directors.

**C. Incentive Stock Option Plan**

At the Meeting, shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution approving the renewal of the Company's Stock Option Plan (the "Plan"). It is a condition of Exchange acceptance of the Plan that shareholder approval for the renewal of the Plan be obtained annually. The most recent renewal of the Plan was approved by shareholders at the Company's 2019 Annual General Meeting held on June 26, 2019. The purpose of the Plan is to assist the Company in attracting, retaining and motivating directors, officers, employees and consultants of the Company and to closely align the personal interests of such directors, officers, employees and consultants with the interests of the Company and its shareholders. Options granted under the Plan are non-assignable and may be granted for a term not exceeding that permitted by the Exchange (currently ten years). A summary of the material aspects of the Plan is as follows:

1. the Plan is administered by the Company's Board of Directors or, if the Board so designates, a Committee of the Board appointed in accordance with the Plan to administer the Plan;
2. the maximum number of shares in respect of which options may be outstanding under the Plan at any given time shall not exceed 10% of the issued and outstanding shares of the Company at that time;
3. following termination of an optionee's employment, directorship, consulting agreement or other qualified position, the optionee's option shall terminate upon the expiry of such reasonable period of time following termination as had been determined by the directors;
4. an option granted under the Plan will terminate one year following the death of the optionee. (These provisions do not have the effect of extending the term of an option which would have expired earlier in accordance with its terms, and do not apply to any portion of an option which had not vested at the time of death or other termination);
5. as long as required by Exchange policy, no one individual may receive options on more than 5% of the issued and outstanding shares of the Company (the "Outstanding Shares") in any 12 month period, no one consultant may receive options on more than 2% of the Outstanding Shares in any 12 month period, and options granted to persons employed to provide investor relations services may not exceed, in the aggregate, 2% of the Outstanding Shares in any 12 month period;

6. options may not be granted at prices that are less than the Discounted Market Price as defined in the Exchange policy which, subject to certain exceptions, generally means the most recent closing price of the Company's shares on the Exchange, less a discount of from 15% to 25%, depending on the trading value of the Company's shares;
7. any amendment of the terms of an option shall be subject to any required regulatory and shareholder approvals; and
8. in the event of a reorganization of the Company or the amalgamation, merger or consolidation of the shares of the Company, the Board of Directors shall make such appropriate provisions for the protection of the rights of the optionees as it may deem advisable.

A copy of the Plan will be available for review at the Meeting.

***Directors' Recommendation***

The Board has determined that the renewal of the Plan is in the best interests of the Company and its shareholders and unanimously recommends that shareholders vote in favour of the ordinary resolution approving the renewal of the Plan.

**The persons named in the form of proxy, if named as proxy, intend to vote such proxy in favour of the resolution to approve the renewal of the Plan, unless a shareholder has specified in his proxy that his common shares are to be voted against the resolution. If no choice is specified by the shareholder to vote for or against the resolution referred to above, the persons whose names are printed in the enclosed form of proxy intend to vote in favour of the resolution.**

***Shareholder Approval***

As disclosed above, the renewal of the Plan is subject to the Company receiving shareholder approval therefor.

The form of the resolution to be placed before shareholders at the Meeting is as follows:

**“Be it Resolved that, as an ordinary resolution, with or without amendment:**

1. The renewal of the Company's Stock Option Plan as described in the management information circular dated October 9, 2020, prepared in connection with this annual and special general meeting of shareholders, is hereby approved, ratified and confirmed, with or without amendment.
2. The board of directors of the Company is authorized to perform such further acts and execute such further documentation as may be required to give effect to the foregoing."

**As disclosed above, the persons named in the enclosed form of proxy intend to vote at the Meeting for the approval of the renewal of the Company's Stock Option Plan, unless otherwise directed by the shareholder appointing them.**

**D. Alteration of the Company's Articles**

At the Meeting, shareholders will be asked to consider and, if thought advisable, to pass a special resolution altering the Company's Article 9, entitled "Alterations", to give the Company's Directors flexibility in dealing with matters such as change in the Company's name and subdividing or consolidating the Company's issued and outstanding share capital without having to call a special meeting of shareholders to do so.

In that regard, Article 9 currently reads as follows:

**"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:

- (1) 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;
- (2) 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;
- (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (4) if the Company is authorized to issue shares of a class of shares with par value:
  - (a) decrease the par value of those shares; or
  - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (5) 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;
- (6) alter the identifying name of any of its shares; or
- (7) 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 special resolution:

- (1) 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
- (2) 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 special resolution authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that 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 special resolution alter these Articles.”

The Company proposes to change Article 9 to read as follows:

## **“9. ALTERATIONS**

### **9.1 Alteration of Authorized Share Structure**

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors:
  - (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 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 is allotted or issued, increase the par value of those shares;
  - (e) change all or any of its unissued shares with par value into shares without par value or any of its unissued shares without par value into shares with par value or change all or any of its fully paid issued shares with par value into shares without par value; or
  - (f) alter the identifying name of any of its shares; and
- (2) by ordinary resolution otherwise alter its shares or authorized share structure.

### **9.2 Special Rights and Restrictions**

Subject to the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, create special rights or restrictions for, and attach those special rights or restrictions to, the

shares of any class or series of shares, if none of those shares has been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares, if none of those shares has been issued; and

- (2) by special resolution of the shareholders of the class or series affected, do any of the acts in (1) above if any of the shares of the class or series of shares has been issued.

### **9.3 Change of Name**

The Company may by resolution of its directors or by ordinary resolution, in each case as determined by the directors, authorize an alteration of its Notice of Articles in order to change its name.

### **9.4 Other Alterations**

The Company, save as otherwise provided by these Articles and subject to the *Business Corporations Act*, may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize alterations to the Articles that are procedural or administrative in nature or are matters that pursuant to these Articles are solely within the directors' powers, control or authority; and
- (2) if the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, by ordinary resolution alter these Articles."

#### ***Directors' Recommendation***

The Board has determined that the alteration of Article 9 as disclosed herein is in the best interests of the Company and its shareholders and unanimously recommends that shareholders vote in favour of the special resolution approving this alteration.

**The persons named in the enclosed form of proxy, if named as proxy, intend to vote such proxy in favour of the special resolution to approve the alteration of Article 9, unless a shareholder has specified in its proxy that its common shares are to be voted against the special resolution. If no choice is specified by the shareholder to vote for or against the special resolution referred to herein, the persons whose names are printed in the enclosed form of proxy intend to vote in favour of the special resolution.**

#### ***Shareholder Approval***

As disclosed above, the alteration of Article 9 is subject to the Company receiving shareholder approval therefor by way of a special resolution, which must be approved by a majority of not less than two-thirds (2/3) of the votes cast by the shareholders of the Company being entitled to vote in person or by proxy at the Meeting. If the alteration to Article 9 is not approved by the shareholders, then a change in the Company's name or the subdivision or consolidation of its issued and outstanding share capital would only be possible at a special meeting or the next annual general meeting.

The form of resolution to be placed before shareholders at the Meeting is as follows:

**"Be it resolved that, as a special resolution of the Company's shareholders, with or without amendment:**

1. The alteration of the Company's Article 9 as described in the management information circular dated October 9, 2020, prepared in connection with this annual and special general meeting of shareholders, is hereby approved, ratified and confirmed, with or without amendment.
2. The board of directors of the Company is authorized to perform such further acts and execute such further documentation as may be required to give effect to the foregoing."

**As disclosed above, the persons named in the enclosed form of proxy intend to vote at the Meeting for the approval of the alteration to Article 9, unless otherwise directed by the shareholder appointing them.**

#### **E. Reconfirmation of Shareholder Rights Plan**

On May 25, 2017, the Company's shareholders approved the reconfirmation of the Company's shareholder rights plan (the "Rights Plan"), the terms and conditions of which are set out in a Shareholders Rights Plan Agreement (the "Rights Agreement") between the Company and Computershare Investor Services Inc. (as Rights Agent). The Rights Plan is currently effective and will remain in effect until the close of the Meeting, unless reconfirmed by the Company's shareholders, in which event it will have an additional term of approximately three years and will remain in effect until the close of the annual general meeting of shareholders of the Company occurring in 2023, unless again reconfirmed by the Company's shareholders. Shareholders will be asked to consider and, if thought advisable, to reconfirm the Rights Plan and all rights to purchase common shares (the "Rights") issued pursuant to the Rights Plan. The Rights Plan is similar to plans adopted by other Canadian public companies and approved by their shareholders. (The Rights Plan is essentially a continuation of the shareholders rights plan adopted by the Company on April 23, 2010, as ratified by its shareholders at the annual general and special meeting held on June 10, 2010, as extended at the annual general and special meeting held on May 22, 2012, as further extended at the annual general and special meeting held on June 24, 2014, and as further extended at the annual general and special meeting held on May 25, 2017, and which will expire as of the date of the Meeting, unless reconfirmed by the Company's shareholders at the Meeting.)

#### ***Directors' Recommendation***

The Board has determined that the Rights Plan is in the best interests of the Company and its shareholders and unanimously recommends that shareholders vote in favour of reconfirming the Rights Plan.

**The persons named in the form of proxy, if named as proxy, intend to vote such proxy in favour of the resolution to reconfirm the Rights Plan, unless a shareholder has specified in its proxy that its common shares are to be voted against the resolution. If no choice is specified by the shareholder to vote for or against the resolution referred to above, the persons whose names are printed in the enclosed form of proxy intend to vote in favour of the resolution.**

#### ***Background and Purpose of the Rights Plan***

The Rights Plan is designed to encourage the fair treatment of shareholders in connection with any take-over bid for the Company. The Rights Plan will provide the Board and the shareholders with more time to fully consider any unsolicited take-over bid for the Company; it will allow the Board to pursue, if appropriate, other alternatives to maximize shareholder value and it will allow additional time for competing bids to emerge. Existing securities legislation in Canada requires a take-over bid to remain open for only thirty-five (35) days. The Board does not believe that this period is sufficient to permit the Board to determine whether there may be alternatives available to maximize shareholder value or whether other bidders may be prepared to pay more for the Company's shares than the Offeror. In addition, the Board is concerned that, while securities legislation has addressed many concerns of unequal treatment of shareholders, there remains the possibility that control or effective control may be acquired pursuant to a private agreement in which a small number of shareholders

dispose of shares at a premium to market price which is not shared with the other shareholders. Also, a person may slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or fair sharing of any control premium among all shareholders. The Rights Plan addresses these concerns by applying to all acquisitions of 20% or more of the common shares of the Company.

Under the Rights Plan, a bidder making a Permitted Bid (as defined below) for the common shares may not take up any shares before the close of business on the sixtieth (60th) day after the date of the bid and unless at least 50% of the common shares not Beneficially Owned by the person making the bid and certain related parties are tendered or deposited and not withdrawn, in which case, a public announcement of that fact must be made and the bid must be extended for not less than ten (10) business days on the same terms. The Rights Plan will encourage an Offeror to proceed by way of a Permitted Bid, or to approach the Board with a view to negotiation by creating the potential for substantial dilution of the Offeror's position. The Permitted Bid provisions of the Rights Plan are designed to ensure that in any take-over bid, all shareholders are treated equally, receive the maximum available value for their investment and are given adequate time to properly assess the bid on a fully informed basis.

In recent years, unsolicited take-over bids have been made for the shares of a number of Canadian companies. Many of these companies had a shareholder rights plan in place which was used by the board of directors of the target company to gain time to seek alternatives to the bid with the objective of enhancing shareholder value. In most cases, a change of control ultimately occurred at a price in excess of the original bid price; accordingly, the existence of a shareholder rights plan should not and is not intended to prevent unsolicited take-over bids for the common shares of the Company.

Canadian securities regulators have concluded in recent decisions relating to shareholder rights plans that a target company's board of directors will not be permitted to maintain a shareholder rights plan solely to prevent a bid, but may do so if the board is actively seeking alternatives to a take-over bid, and if there is a real and substantial possibility that the board can increase shareholder choice and maximize shareholder value.

The Rights Plan is not being proposed in response to, or in anticipation of, any particular acquisition or take-over offer and is not intended to prevent a take-over of the Company, to secure continuance of current management or the directors in office or to deter fair offers. The Rights Plan does not inhibit any shareholder from using the proxy mechanism set out in the *Business Corporations Act* (British Columbia) to promote a change in the management or direction of the Company. The Rights Plan may, however, increase the price to be paid by a potential Offeror to obtain control of the Company and may discourage certain opportunistic and coercive offers that might not be in the best interests of all shareholders.

The Rights Plan does not affect in any way the financial condition of the Company. The initial issuance of the Rights was not dilutive and will not affect reported earnings or cash flow per share until the Rights separate from the underlying common shares and become exercisable. The adoption of the Rights Plan will not lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Company and its shareholders. The issuance of Rights will not change the manner in which shareholders currently trade their common shares. Shareholders do not have to return their certificate(s) in order to have the benefit of the Rights.

### ***Terms of the Rights Plan***

The following is a summary of the terms of the Rights Plan. This summary is qualified in its entirety by the Rights Agreement. The full text of the Rights Plan will be available for review at the Meeting and will be available for review prior to the Meeting upon request made to the Company at: ATAC Resources Ltd., Suite 1016 – 510 West Hastings Street, Vancouver, B.C. V6B 1L8, Attention: The President; email: [gdowns@atacresources.com](mailto:gdowns@atacresources.com).

To implement the Plan, one Right was issued by the Company pursuant to the Rights Agreement in respect of each common share outstanding at 4:00 p.m. (Vancouver time) on June 24, 2014 (the "Record Time"). One Right was and will also be issued for each additional common share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) and the Expiration Time. Each Right will entitle the holder, from and after the Separation Time and prior to the Expiration Time, to purchase from the Company one common share at a price equal to one-half of the market price for the common shares of the Company, subject to certain anti-dilution adjustments. The Rights will not be exercisable until the Separation Time. Upon the occurrence of a Flip-in Event (as defined below), each Right held by a non-Acquiring Person will become exercisable and may be traded separately from the common shares.

The issuance of Rights will not change the manner in which shareholders currently trade their common shares. Shareholders do not have to return their share certificate(s) in order to have the benefit of the Rights.

Until the Separation Time, the Rights will trade together with the common shares, will be represented by the common share certificate, and will not be exercisable. After the Separation Time, the Rights will become exercisable, will be evidenced by Rights certificates, and will be transferable separately from the common shares.

The Separation Time is defined in the Rights Agreement as the close of business on the tenth (10th) Trading Day (or such later day as may be determined by the Board) after the earlier of:

- (a) the Stock Acquisition Date, which is the date of the first public announcement by the Company or an Acquiring Person indicating that an Acquiring Person has become such (defined in the Rights Agreement as a person who has acquired, other than pursuant to an exemption available under the Rights Plan or pursuant to a Permitted Bid, Beneficial Ownership of 20% or more of the outstanding Voting Shares of the Company);
- (b) the date of the commencement of, or first public announcement (provided such announcement is made after the Record Time) of an intention of any Person (other than the Company or any Subsidiary of the Company) to commence, a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid) to acquire Beneficial Ownership of 20% or more of the Voting Shares of the Company; and
- (c) the date on which a Permitted Bid or Competing Permitted Bid ceases to be such.

A Permitted Bid is defined in the Rights Agreement as a Take-over Bid which is made by means of a Take-over Bid circular and which also complies with the following requirements:

- (a) the Take-over Bid is made to all registered holders of Voting Shares, other than the Person making the Take-over Bid;
- (b) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, an irrevocable and unqualified condition that no Voting Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date which is not less than sixty (60) days following the date the take-over bid circular is sent to the holders of Voting Shares, and only if at such date more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;

- (c) the Take-over Bid contains an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period of time specified in (b) above and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
- (d) the Take-over Bid contains an irrevocable and unqualified provision that if, on the date on which Voting Shares may be taken up and paid for, more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than ten (10) business days from the date of such public announcement.

If an Offeror successfully completes a Permitted Bid, the Rights Plan provides that the Rights will be redeemed at \$0.00001 per Right.

A Permitted Bid, even if not approved by the Board, may be taken directly to the shareholders of the Company. Shareholder approval will not be required for a Permitted Bid. Instead shareholders of the Company will initially have sixty (60) days to tender or to deposit their shares. If more than 50% of the Voting Shares (other than shares Beneficially Owned by the Offeror) have been tendered or deposited and not withdrawn by the end of such sixty (60) day period, the Permitted Bid must be extended for a further period of ten (10) business days to allow initially disapproving shareholders to deposit their shares if they so choose.

If a potential Offeror does not wish to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the Board to make a bid pursuant to a Take-over Bid circular on terms which the Board considers fair to all shareholders. In such circumstances, the Board may waive the application of the Rights Plan to the transaction, thereby allowing such bid to proceed without dilution of the Offeror, and will be deemed to have waived the application of the Rights Plan to all other contemporaneous bids made by Take-over Bid circular. All other waivers require shareholder approval except in the case of inadvertent triggering of the application of the Rights Plan.

Under the Rights Agreement, a Flip-in Event is any transaction pursuant to which any Person becomes an Acquiring Person. Except as set out below, upon the occurrence of any Flip-in Event, from and after the close of business on the tenth (10th) trading day following the Stock Acquisition Date:

- (a) any Rights Beneficially Owned by the Acquiring Person and Affiliates, Associates and Transferees of the Acquiring Person or any Person acting jointly or in concert with the Acquiring Person will become void; and
- (b) each Right (other than Rights which are void) will entitle the holder thereof to purchase that number of common shares having an aggregate market price on the date of consummation or occurrence of such Flip-in Event equal to twice the relevant Exercise Price.

Accordingly, a Flip-in Event that is not approved by the Board will result in significant dilution to an Acquiring Person. The Board may, with shareholder approval, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the outstanding Rights at a redemption price of \$0.00001 per Right.

The Company may, from time to time, supplement or amend the Rights Agreement to correct clerical or typographical errors or to maintain the validity of the Rights Agreement as a result of a change in law. All other amendments after the Meeting require shareholder approval.

### ***Canadian Federal Income Tax Consequences***

The Company will not include any amount in income for the purposes of the *Income Tax Act* (Canada) as a result of the issue of the Rights. A right to acquire additional shares of the Company granted to a common shareholder does not constitute a taxable benefit to the recipient that must be included in income or that is subject to non-resident withholding tax if all holders of common shares are granted such right. A Right was issued in respect of each common share outstanding at the Record Time. Therefore, holders of common shares should not have an income inclusion or liability for non-resident withholding tax upon the issuance of the Rights. In any event, the Company considers that the Rights have a negligible monetary value because the Company is not aware of any acquisition or take-over bid which would give rise to a Flip-in Event.

Although a holder of a Right may have income or may be subject to non-resident withholding tax if the Rights become exercisable, are exercised or redeemed, the Company considers the likelihood of such an event occurring to be remote.

### ***Shareholder Approval***

The Rights Plan and the issuance of the Rights thereunder will be reconfirmed by shareholders when the Rights Plan and the issuance of the Rights thereunder have been approved by a majority of the votes cast in respect thereof, without giving effect to any votes cast (i) by any shareholder that, directly or indirectly, on its own or in concert with others, holds or exercises control over more than 20% of the outstanding voting shares of the Company, if any; and (ii) by the associates, affiliates and insiders of any person referred to in (i) above.

The form of the resolution to be placed before shareholders at the Meeting is as follows:

#### **“Be it Resolved That, as an Ordinary Resolution, with or without Amendment:**

1. The reconfirmation of the shareholder rights plan as described in the management information circular dated October 9, 2020, prepared in connection with this annual and special general meeting of shareholders, is hereby approved, ratified and confirmed, with or without amendment.
2. The board of directors of the Company is authorized to perform such further acts and execute such further documentation as may be required to give effect to the foregoing.”

**As disclosed above, the persons named in the enclosed form of proxy intend to vote at the Meeting for the reconfirmation of the Rights Plan and the issuance of Rights thereunder, unless otherwise directed by the shareholder appointing them.**

### **XVII. OTHER MATTERS TO BE ACTED UPON**

The Company will consider and transact such other business as may properly come before the Meeting or any adjournment thereof. The management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

### **XVIII. ADDITIONAL INFORMATION**

Additional information concerning the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning the Company is provided in the Company's comparative financial statements and Management's Discussion and Analysis for the financial year ended December 31, 2019.

Shareholders wishing to obtain a copy of the Company's financial statements and Management's Discussion and Analysis may obtain them free of charge on SEDAR at [www.sedar.com](http://www.sedar.com), or may contact the Company as follows:

**ATAC RESOURCES LTD.**  
**Suite 1016 – 510 West Hastings Street**  
**Vancouver, B.C. V6B 1L8**  
Telephone: 604-688-2568  
Fax: 604-688-2578  
E-mail: [info@atacresources.com](mailto:info@atacresources.com)

### **XIX. BOARD APPROVAL**

The content and sending of this Information Circular has been approved by the Company's Board of Directors. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED at Vancouver, British Columbia, the 9<sup>th</sup> day of October, 2020.

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

*“Graham N. Downs”*

**GRAHAM N. DOWNS**

President and CEO

**SCHEDULE "A"**

**ATAC RESOURCES LTD.**  
(the "Company")

**AUDIT COMMITTEE CHARTER**

**PURPOSE**

The purpose of the Committee is to assist the Board in carrying out its responsibilities for the oversight and monitoring of the Company's financial reporting and controls.

**POLICY STATEMENT**

The Committee expects management of the Company to operate in compliance with the Company's corporate policies; with laws and regulations governing the Company; and to maintain strong financial reporting and control processes.

**AUTHORITY**

The Committee shall have the authority:

- to institute investigations of improprieties, or suspected improprieties, within the scope of its responsibilities,
- to inspect any and all books and records of the Company,
- to discuss with Company personnel, any affected party and the Auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate,
- to engage independent counsel and other advisors as it determines necessary to carry out its duties, and
- to access Company resources including administrative support to assist in carrying out its duties.

**COMPOSITION**

The Committee shall consist of at least three directors appointed by the Board.

The Board shall appoint the Chairman of the Committee.

At least one member of the Committee shall be an independent director and free from any relationship that in the opinion of the Board would interfere with his or her independent judgment as a member of the Committee.

A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

The Secretary or the Assistant Secretary of the Company shall be the secretary of the Committee.

**MEETINGS**

The Committee shall meet a minimum of four times a year at such times and places as may be designated by the Chairman of the Committee, and whenever a meeting is requested by the Board, a

member of the Committee, the Auditors or a Senior Officer (“Senior Officer”) of the Company. Meetings shall correspond with the review of the Interim and Annual Financial Statements, MD&A, Press Releases and Reports to Shareholders.

Notice of each meeting of the Committee shall be given to each member of the Committee and to the Auditors, if applicable, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee.

Notice of a meeting of the Committee shall be in writing, stating the nature of the business to be transacted at the meeting in reasonable detail, be accompanied by copies of documentation to be considered at the meeting (to the extent practicable), and be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Committee may permit.

A quorum for a meeting of the Committee shall be a majority of the members of the Committee. However it shall be the practice of the Committee to require review and, if necessary, approval of all important matters by all members of the Committee.

A member of the Committee may participate in a meeting of the Committee by telephone, and such member shall be deemed to be present at the meeting.

In the absence of the Chairman of the Committee, the members of the Committee shall choose one of the members present to chair the meeting.

In the absence of the Secretary or the Assistant Secretary of the Company, the members of the Committee shall choose one of the persons present to be the secretary of the meeting.

Minutes of all meetings of the Committee shall be signed by the Chairman of the Committee and the Secretary of the meeting. Such minutes shall be filed with the Secretary of the Company at the earliest opportunity after each meeting.

A resolution in writing, signed by all members of the Committee is valid as if passed at a meeting of the Committee.

The Committee shall, at the next regular Board meeting after each Committee meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

## **RELIANCE ON EXPERTS**

In discharging their duties, each Committee member shall be entitled to rely in good faith upon:

- financial statements represented by a Senior Officer or the Auditors to present fairly the financial position of the Company in accordance with generally accepted accounting principles, and
- any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

## **LIMITATIONS ON COMMITTEE’S DUTIES**

Each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this charter is

intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all board members are subject. The essence of the Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the Company's responsibilities are being met and to enable the Committee to report thereon to the Board.

## **RELATIONSHIP WITH EXTERNAL AUDITOR**

The Auditors shall be accountable to the Board through the Committee. The Auditors shall report all material issues or potentially material issues to the Committee.

## **RESPONSIBILITIES AND DUTIES**

### **Charter**

The Committee shall:

- prepare a written charter adopted by the Board setting out its mandate, responsibilities and duties, and
- assess on an annual basis the adequacy of the Charter.

### **Communications**

The Committee shall:

- have direct, open and frank communications with management, other committee chairmen, the Auditors and other key committee advisors as applicable,
- if applicable, establish procedures for the treatment of complaints, if any, received by the Company regarding accounting, internal accounting controls or auditing matters, and
- if applicable, establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting and auditing matters.

### **Auditors**

The Committee shall:

- select and recommend to the Board, the Auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company,
- consider and recommend to the Board the compensation of the Auditors,
- obtain from the Auditors a formal written statement concerning the Auditor's independence and review and discuss with the Auditors all disclosed relationships or services that could impact on their objectivity and independence,
- review the Auditors' annual audit plan, including scope, staffing, materiality and areas of special emphasis prior to the commencement of the audit,
- evaluate the performance of the Auditors and recommend to the Board the discharge of the Auditors when circumstances are warranted,
- pre-approve all non-audit services to be provided by the Auditors (except for any services prohibited by legislation) and consider the potential impact of such services on the Auditors' independence (subject to the DeMinimus Non-Audit Services and Delegation of Pre-Approval Function exemptions as such terms are defined in MI 51-110),
- review and discuss with the Auditors the results of their audit (upon completion of their audit and prior to the filing or releasing of the annual financial statements),

- review and resolve any disagreements and unresolved issues between management and the Auditors that could affect the financial reporting,
- review the extent to which recommendations made by the Auditors have been implemented, and
- meet separately with the Auditors in the absence of management at least once annually and discuss among other things any significant disagreements with management, any restrictions on the scope of work or access to required information, the susceptibility of a material misstatement in the financial statements due to fraud and the adequacy of the Company's accounting and financial personnel.

### **Financial reporting**

The Committee shall:

- review the Company's Interim and Annual Financial Statements and related MD&A, Press Releases and Report to Shareholders, before public disclosure of this information, and recommend for approval by the Board if appropriate,
- review all public disclosure documents containing financial information derived from the Company's financial statements including any prospectuses, offering memorandums, business acquisitions reports, annual reports, annual information forms, MD&A and Press Releases, and if appropriate, recommend for approval by the Board,
- determine that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and annually review the adequacy of these procedures,
- in conjunction with the review of the Interim and Annual Financial Statements, review the following with management and the Auditors (if the Auditors have performed a review or audit of the financial statements):
  - critical accounting policies, changes in accounting policies and new accounting policies adopted by the Company,
  - alternative accounting policies that have been discussed with management and the policies preferred by the Auditors,
  - significant estimates made by management and the view of the Auditors as to the appropriateness of such estimates,
  - significant financial reporting issues that have arisen and the resolution or proposed resolution of such issues,
  - significant transactions outside the normal business of the Company,
  - related party transactions, and
  - new or proposed accounting pronouncements and regulatory developments and their relevance to the Company,
- review with management, the Auditors and if necessary legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material affect upon the Company's financial statements and the manner in which such matters have been disclosed in the financial statements,
- review any correspondence that the Company may receive from securities regulators or government agencies relating to financial reporting matters, and
- review the financial statement certification process.

**Internal controls and risk**

The Committee shall:

- review on an annual basis with management and in consultation with the Auditors the appropriateness and effectiveness of the Company's internal controls, policies and business practices which impact the financial integrity of the Company, including those relating to accounting, information systems, financial reporting, management reporting, insurance and risk management,
- consider and review with management any recommendations of the Auditors regarding weaknesses in internal controls and the extent to which recommendations made by the Auditors have been implemented by management,
- review the hedging and other risk management policies and procedures of the Company, and
- review with management the amount and terms of any insurance to be obtained or maintained by the Company with respect to risks inherent in its operations and potential liabilities that may be incurred by the directors or Senior Officers in the discharge of their duties and responsibilities.

**Other**

The Committee shall:

- review the status of the Company's tax returns,
- review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process,
- review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors,
- if applicable, review and approve the reasonableness of the expenses of the Chairman of the Board and the Chief Executive Officer,
- develop a calendar of activities to be undertaken by the Committee for each ensuing year and submit the calendar in the appropriate format to the Board following each Annual General Meeting,
- review reports from management with respect to the Corporation's compliance with laws and regulations having a material impact on the Financial Statements including:
  - (a) tax and financial reporting laws and regulations,
  - (b) legal withholding requirements,
  - (c) environmental protection laws and regulations, and
  - (d) other laws and regulations which expose directors to liability,
- obtain certificates from Senior Officers containing such representations as the Committee may request, and
- perform any other activities consistent with the Charter, the Company bylaws and governing law, as the Board or the Committee deems necessary or appropriate.