



**NOTICE OF 2017 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**





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## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the "Meeting") of the Shareholders of NGEX Resources Inc. (the "Corporation") will be held at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, on Thursday, June 15, 2017 at the hour of 10:00 a.m. (Pacific Time) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2016, together with the report of the auditors thereon;
2. to fix the number of directors at six (6);
3. to elect directors of the Corporation for the ensuing year;
4. to appoint the auditor of the Corporation for the ensuing year, and to authorize the directors to fix the remuneration to be paid to the auditor;
5. to consider and, if thought fit, to approve an ordinary resolution approving all unallocated options under the Corporation's share option plan, as more particularly described in the accompanying management information circular (the "**Information Circular**");
6. to consider and, if thought fit, to approve an ordinary resolution ratifying and confirming the Corporation's amended and restated share option plan, as more particularly described in the accompanying Information Circular; and
7. to transact such further and other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

Accompanying this Notice of Meeting is the Corporation's Information Circular, a form of proxy or voting instruction form and a financial statement request form. The accompanying Information Circular provides information relating to the matters to be addressed at the Meeting, and is incorporated into this Notice of Meeting.

If you are a *registered shareholder* of the Corporation and are unable to attend the Meeting in person, please complete, sign, date and return the enclosed form of proxy either in the addressed envelope enclosed to Proxy Department, Computershare Investor Services Inc., 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by fax to 1-866-249-7775. Proxies must be received not less than 48 hours (excluding Saturdays, and holidays) before the time for holding the Meeting or any adjournment thereof.

If you are a *non-registered shareholder* of the Corporation and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. **If you are a non-registered shareholder and do not complete and return the materials in accordance with such instructions, you may not be entitled to vote at the Meeting, either in person or by proxy.**

DATED at Vancouver, British Columbia, this 8<sup>th</sup> day of May, 2017.

BY ORDER OF THE BOARD

/s/ "Wojtek Wodzicki"

Wojtek Wodzicki

President, Chief Executive Officer and Director

## MANAGEMENT INFORMATION CIRCULAR

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## MANAGEMENT INFORMATION CIRCULAR

(Containing information as at May 5, 2017, unless indicated otherwise)

### SOLICITATION OF PROXIES

This management information circular ("Information Circular") is furnished in connection with the solicitation of proxies by the management ("Management") of NGEx Resources Inc. (the "Corporation") for use at the annual general and special meeting (the "Meeting") of the holders (the "Shareholders") of common shares in the capital of the Corporation (the "Common Shares") to be held on Thursday, June 15, 2017 at the time and place and for the purposes set out in the accompanying Notice of Annual General and Special Meeting of Shareholders (the "Notice of Meeting"). References in this Information Circular to the Meeting include any adjournment(s) or postponement(s) thereof.

While it is expected that the solicitation will be made by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation at nominal cost. All costs of this solicitation will be borne by the Corporation.

Unless otherwise stated, the information contained in this Information Circular is as of May 5, 2017. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars, which is the Corporation's reporting currency.

### APPOINTMENT OF PROXYHOLDER AND VOTING OF PROXIES

The individuals named in the enclosed form of proxy are officers and/or directors of the Corporation (the "Management Proxyholders"). A Shareholder desiring to appoint some other person, who need not be a Shareholder, to represent such Shareholder at the Meeting, may do so, either by striking out the names of those persons named in the accompanying form of proxy and inserting such person's name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy. A proxy will not be valid unless the completed form of proxy is received by the Corporation's transfer agent, Computershare Investor Services Inc. ("Computershare"), at Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, or via fax to 1-866-249-7775, or via phone to 1-866-732-8683, or via Internet to [www.investorvote.com](http://www.investorvote.com), not less than 48 hours (excluding Saturdays, and holidays) before the time for holding the Meeting, or any adjournment or postponement thereof.

### NON-REGISTERED HOLDERS OF COMMON SHARES

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who hold their Common Shares through banks, brokers, trustees or other persons ("Intermediaries"), or who otherwise do not hold their Common Shares in their own name (referred to in this Information Circular as "Beneficial Shareholders") should note that only proxies deposited by Shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of Common Shares ("Registered Shareholders") will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholder's name. Such Common Shares more likely will be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name of the Canadian Depository for Securities which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. The Intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is

substantially similar to the instrument of proxy provided directly to Registered Shareholders by the Corporation and is commonly referred to as a "**voting instruction form**". However, its purpose is limited to instructing the broker or agent of the broker how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails such forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote their Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through an Intermediary, please contact that Intermediary promptly for assistance.** Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

These securityholder materials are being sent to both Registered Shareholders and Beneficial Shareholders who have not objected to the Intermediary through which their Common Shares are held disclosing ownership information about themselves to the Corporation ("**NOBOs**"). If you are a NOBO, and the Corporation 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 Corporation (and not the Intermediary holding Common Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

If you are a Beneficial Shareholder who has objected to the Intermediary through which your Common Shares are held disclosing ownership information about you to the Corporation (an "**OBO**"), the Corporation does intend to pay for an Intermediary to deliver the proxy-related materials with respect to the Meeting and related forms to OBOs.

#### **HOLDERS OF EUROCLEAR SWEDEN REGISTERED SHARES**

The information in this section is of significance to Shareholders who hold their securities ("**Euroclear Registered Securities**") through Euroclear Sweden AB, which securities trade on the NASDAQ OMX Stockholm. Shareholders who hold Euroclear Registered Securities are not registered holders of voting securities for the purposes of voting at the Meeting. Instead, Euroclear Registered Securities are registered under CDS & Co., the registration name of the Canadian Depository for Securities. Holders of Euroclear Registered Securities will receive a voting instruction form by mail directly from Computershare AB ("**Computershare Sweden**"). The voting instruction form cannot be used to vote securities directly at the Meeting. Instead, the voting instruction form must be completed and returned to Computershare Sweden, strictly in accordance with the instructions and deadlines that will be described in the instructions provided in the voting instruction form.

#### **NOTICE AND ACCESS**

The Corporation is not using "notice and access", as defined in National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer, and is sending the Meeting materials to Shareholders.

#### **REVOCATION OF PROXIES**

A Registered Shareholder who has given a proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Corporation at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8, at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement of it or to the chair of the Meeting on the day of the Meeting or any adjournment or postponement of it. **Only Registered Shareholders have the right to revoke a proxy. Beneficial Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective**

**intermediaries to revoke the proxy on their behalf.** A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

#### **VOTING OF PROXIES**

The Common Shares represented by a properly executed proxy in favour of Management Proxyholders will:

- (a) be voted or withheld from voting in accordance with the instructions of the person appointing the Management Proxyholder on any ballot that may be called for; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

ON A POLL SUCH COMMON SHARES WILL BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED BY THE SHAREHOLDER.

The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. If any amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the Management Proxyholders to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, Management knows of no such amendment, variation or other matter that may be presented to the Meeting.

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

Except as set out herein, no person who has been a director or executive officer of the Corporation at any time since the beginning of the last financial year, nor any proposed nominee of Management for election as a director of the Corporation and, to the knowledge of the Corporation, 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 other than the election of directors. Directors and executive officers may, however, be interested in the approval of the Corporation's share option plan (the "Share Option Plan") as detailed in "Particulars of Matters to be Acted Upon – Approval of Unallocated Options and Amendments to Share Option Plan", as such persons are entitled to participate in the Share Option Plan.

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

The Corporation is authorized to issue an unlimited number of Common Shares of which 213,473,963 Common Shares are issued and outstanding as at May 5, 2017.

Shareholders registered as at May 5, 2017 (the "**Record Date**") are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must deliver their form of proxy at the place and within the time set forth in the notes to the form of proxy to entitle the person appointed by the form of proxy to attend and vote.

Every individual who is present and is entitled to vote as a Shareholder or as a representative of one or more corporate Shareholders will have one vote, for each Common Share registered in that Shareholder's name on the list of Shareholders as at the Record Date, which is available for inspection during normal business hours at Computershare, and will be available at the Meeting. **Shareholders represented by proxy holders are not entitled to vote on a show of hands.**

The following table sets forth the only persons who as of the date hereof, to the knowledge of the directors and executive officers of the Corporation, beneficially own or control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares:

Name	Number of Shares	Percentage
Lorito Holdings S.à.r.l. (“ <b>Lorito</b> ”) <sup>(1)</sup>	19,500,000	9.14%
Zebra Holdings and Investments S.à.r.l.(“ <b>Zebra</b> ”) <sup>(1)</sup>	23,062,539	10.80%

Note:

<sup>(1)</sup> Lorito and Zebra, who report their security holdings as joint actors, are private corporations owned by a trust whose settlor was the late Adolf H. Lundin. Together, Lorito and Zebra hold a total of **42,562,539** Common Shares, which represents approximately **19.94%** of the current outstanding Common Shares.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **ELECTION OF DIRECTORS**

The board of directors (the “**Board**”) presently consists of six (6) directors and it is intended to elect six (6) directors for the ensuing year.

According to its Articles of Continuance, the Corporation may have a minimum of one and a maximum of 10 directors. The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as Management’s nominees and the Management Proxyholders in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the *Canada Business Corporations Act* (the “**CBCA**”).

On April 30, 2013, the Board approved an amendment to its by-laws to provide for an advance notice requirement for nominations of directors by Shareholders, which amendment was ratified by Shareholders at the annual and special meeting held on June 19, 2013. The Corporation did not receive notice of any director nominations in connection with the Meeting within the time periods prescribed by the amended by-law. Accordingly, at the Meeting, the only persons eligible to be nominated for election to the Board are the proposed directors (as defined below).

The Corporation adopted a majority voting policy on March 11, 2013, as amended May 5, 2014 with respect to the election of directors. Pursuant to the majority voting policy, each director must, subject to the provisions below, be elected by the vote of a majority of the Common Shares, represented in person or by proxy, at any meeting for the election of directors other than at contested meetings. Forms of proxy for the election of directors will permit a Shareholder to vote in favour of, or to withhold from voting, separately for each director nominee. The Chair of the Board will ensure that the number of Common Shares voted in favour or withheld from voting for each director nominee is recorded and promptly made public after the meeting. If any nominee for director receives, from the Common Shares voted at the meeting in person or by proxy, a greater number of Common Shares withheld than Common Shares voted in favour of his or her election, the director must immediately tender his or her resignation to the Board following the meeting to take effect upon acceptance by the Board. The Board shall accept the resignation absent exceptional circumstances, and such resignation will be effective when accepted by the Board. To assist the Board in making a determination with regard to exceptional circumstances, the Board will refer the resignation to the Corporate Governance and Nominating Committee who will expeditiously consider whether to recommend that the Board accept such director’s resignation. In making this recommendation, the Corporate Governance and Nominating Committee may consider such extenuating circumstances as it deems appropriate including, without limitation, circumstances relating to the composition of the Board or the voting results. The Board shall determine whether or not to accept the resignation within 90 days after the date of the relevant Shareholders’ meeting and promptly announce that decision (and the reasons for rejecting the resignation, if applicable) by way of a news release, a copy of which shall be provided to the Toronto Stock Exchange (“**TSX**”). Any director who tenders a resignation pursuant to the policy will not participate in any meeting of the Board or any sub-committee of the Board at which the resignation is considered. The majority voting policy applies only to uncontested elections, where the number of nominees as director is equal to the number of directors to be elected. If the director fails to tender his or her resignation as contemplated in the majority voting policy, the Board will not re-nominate the director. Subject to any corporate law restrictions, and in accordance with the Corporation’s articles and by-laws, where the Board accepts the offer of resignation

of a director and that director resigns, the Board may exercise its discretion with respect to the resulting vacancy and may, without limitation, leave the resultant vacancy unfilled until the next annual meeting of Shareholders, fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the Shareholders, or call a special meeting of Shareholders to elect a new nominee to fill the vacant position.

The following table and notes thereto sets out the name of each person proposed to be nominated by Management for election as a director (a “**proposed director**”), the province and country in which he/she is ordinarily resident, all offices of the Corporation now held by him/her, his/her principal occupation, the period of time for which he/she has been a director of the Corporation, and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by him/her and his/her associates or affiliates, as at the date hereof.

Name and Province and Country of Residence <sup>(1)</sup>	Positions with the Corporation	Number of Common Shares beneficially owned or controlled or directed, directly or indirectly <sup>(2)</sup>	Principal Occupation and Term as Director
<b>Lukas H. Lundin</b> <sup>(3)</sup> Geneva, Switzerland	Chairman (non-executive) of the Board and Director	1,751,844	Business/mining executive; director of a number of publicly traded resource-based companies, including Filo Mining Corp., Lucara Diamond Corp., Lundin Mining Corporation, Lundin Gold Inc., International Petroleum Corp., Denison Mines Corp., and Lundin Petroleum S.A.  Director since June 23, 1995
<b>Wojtek A. Wodzicki</b> British Columbia, Canada	President, Chief Executive Officer and Director	753,200	President and Chief Executive Officer of the Corporation and President, Chief Executive Officer and a director of Filo Mining Corp.  Director since April 17, 2009
<b>William A. Rand</b> <sup>(3)(4)(5)</sup> British Columbia, Canada	Lead Director	394,098	Co-founder of Rand Edgar Investment Corp., a private investment company; Director of Denison Mines Corp., Lundin Mining Corporation, and New West Energy Services. Senior Business Advisor, Cassels Brock & Blackwell LLP.  Director since June 23, 1995
<b>Jack O.A. Lundin</b> British Columbia, Canada	Director	150,000	Financial Analyst, Lundin Gold Inc.  Director since November 10, 2016

Name and Province and Country of Residence <sup>(1)</sup>	Positions with the Corporation	Number of Common Shares beneficially owned or controlled or directed, directly or indirectly <sup>(2)</sup>	Principal Occupation and Term as Director
<b>David F. Mullen</b> <sup>(3)</sup> <sup>(4)(5)</sup> British Columbia, Canada	Director	35,000	Managing Director of Graycliff Partners.  Director since November 16, 2010
<b>Cheri L. Pedersen</b> <sup>(4)(5)</sup> British Columbia, Canada	Director	NIL	Retired Lawyer; Former Associate Counsel, Boughton Law Corporation.  Director since November 10, 2016

Notes:

- (1) The information as to the province or state, as applicable, country of residence and principal occupation, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (2) The information as to Common Shares beneficially owned or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (3) Members of the Compensation Committee. William Rand is Chair of the Compensation Committee.
- (4) Members of the Audit Committee. William Rand is Chair of the Audit Committee.
- (5) Members of the Corporate Governance and Nominating Committee. David F. Mullen is Chair of the Corporate Governance and Nominating Committee.

Other than as disclosed below, none of the proposed directors (or any of their personal holding companies) of the Corporation:

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company, including the Corporation, that:
  - (i) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "order") that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company, including the Corporation, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver,

receiver manager or trustee appointed to hold its assets; or

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

Mr. Lukas Lundin was a director of Sirocco Mining Inc. ("Sirocco"). Mr. Lundin resigned as a director of Sirocco on January 31, 2014, at which time Sirocco was a publicly-traded company and financially solvent. Pursuant to a Plan of Arrangement completed on January 31, 2014, Canada Lithium Corp. ("Canada Lithium") acquired Sirocco. The final step in the transaction was the amalgamation of Canada Lithium and Sirocco to form RB Energy Inc. ("RBI"). In October, 2014, RBI commenced proceedings under the Companies' Creditors Arrangement Act (the "CCAA") and, in November, 2014, the TSX delisted RBI's common shares for failure to meet its continued listing requirements. Although Mr. Lundin was never a director, officer or insider of RBI, he was a director of Sirocco within the 12 month period prior to RBI filing for protection under the CCAA.

None of the proposed directors (or any of their personal holding companies) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **APPOINTMENT OF AUDITOR**

The Common Shares represented by the proxies solicited in respect of the Meeting on any ballot that may be called for, unless authority to do so is withheld, will be voted for the appointment of the firm of PricewaterhouseCoopers LLP, Chartered Accountants, as auditor of the Corporation, and to authorize the directors to fix the remuneration to be paid to the auditor. PricewaterhouseCoopers LLP have served as auditor of the Corporation since 2009.

#### **APPROVAL OF UNALLOCATED OPTIONS**

The Corporation currently has the **Share Option Plan** in place whereby the aggregate maximum number of Common Shares available for issuance under the Share Option Plan and all other security based compensation arrangements at any given time is 10% of the issued and outstanding Common Shares. See "Securities Authorized for Issuance Under Equity Compensation Plans" for details of the Share Option Plan. As at the date of this Information Circular, there are 8,340,000 options to purchase Common Shares outstanding under the Share Option Plan, representing 3.91% of the total issued and outstanding Common Shares. As such, an aggregate of 13,007,396 options (6.09% of the issued and outstanding Common Shares) are unallocated and remain available for grant. The Share Option Plan was last approved by the Shareholders on June 12, 2014. In accordance with the TSX policies, all unallocated options under the Share Option Plan are required to be re-approved by the Shareholders every three years.

At the Meeting, the Shareholders will be asked to consider and, if deemed fit, pass the following ordinary resolution, in substantially the following form, approving the Share Option Plan and all unallocated options under the Share Option Plan. To be effective, the foregoing resolution must be approved by not less than a majority of the votes cast by Shareholders present in person or represented by proxy, at the Meeting.

#### **Required Three Year Re-Approval of Share Option Plan**

"RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS THAT:

1. The share option plan of the Corporation (the "**Share Option Plan**") and all unallocated options, rights and other entitlements under the Corporation's Share Option Plan, as described in the management information circular dated May 8, 2017 be and is hereby approved, ratified and confirmed;
2. the Corporation has the ability to continue granting options, rights and other entitlements under the Share Option Plan until June 15, 2020, the date that is three years from the date of this resolution; and
3. any director or officer of the Corporation is hereby authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in

order to give effect to this resolution.”

The Board has unanimously approved the Share Option Plan and all unallocated options, rights and other entitlements under the Share Option Plan and recommends to Shareholders that they vote **FOR** the approval of the Share Option Plan and all unallocated options, rights and other entitlements under the Share Option Plan. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted **FOR** the approval of the Share Option Plan and all unallocated options, rights and other entitlements under the Share Option Plan. If all unallocated options, rights and other entitlements under the Share Option Plan are not re-approved by the Shareholders at the Meeting, then all options, rights and other entitlements which have already been granted will not be affected, however all unallocated options, rights and other entitlements will be cancelled and the Corporation will not be permitted to make further grants under the Share Option Plan until Shareholder approval is obtained. In addition, options that are exercised, terminate or expire shall not be available for re-grant until Shareholder approval is obtained.

See “Equity Compensation Plan Information” for a full description of the Share Option Plan.

### **AMENDMENTS TO SHARE OPTION PLAN**

On May 8, 2017, the Board approved, subject to Shareholder and TSX approval, certain amendments to the Share Option Plan. Assuming the resolution approving all unallocated options under the Share Option Plan is approved, the amendments (the “**Amendments**”) to the Share Option Plan (the Share Option Plan, as amended, being referred to as the “**Amended Option Plan**”) will then be submitted to Shareholders at the Meeting for approval. A copy of the Amended Option Plan, showing the changes from the Share Option Plan, is attached as Appendix 2 to this Information Circular. The TSX has conditionally approved the Amended Option Plan, subject to approval of the Shareholders.

The Amendments to the Share Option Plan included:

- (a) a revision to Section 2.5, in order to align it with market practice, which increases the number of days, from 30 days to 90 days, during which a participant may exercise his or her options following such participant’s termination from the Corporation;
- (b) revisions to the amendment provisions in order to better align requirements with Institutional Shareholder Services (“ISS”) guidelines and the TSX Company Manual, including a revision to Section 3.5(a), in accordance with ISS guidelines, to require shareholder approval for amendments to eligible participants that may permit the introduction or reintroduction of Non-Employee-Directors on a discretionary basis or that increases limits imposed by the Share Option Plan on Non-Employee Director participation; and
- (c) revisions to Section 3.5(a) to eliminate the requirement for shareholder approval for the following amendments, in order to more closely align the Share Option Plan with ISS and TSX guidelines:
  - a. amendments that add any form of financial assistance provisions or amend any such provisions to be more favourable to participants;
  - b. amendments that add a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the Plan reserve;
  - c. any amendment that adds a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Corporation.

In addition, certain other amendments of a housekeeping nature were made.

The existing options which are outstanding under the Share Option Plan will be incorporated into the Amended Option Plan and will be governed by the Amended Option Plan.

Copies of the Share Option Plan and Amended Option Plan are available for viewing up to the date of the Meeting at the Corporation’s office at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, during normal business hours and at the Meeting. In addition, a copy of the Share Option Plan and Amended Option Plan will be mailed, free of charge, to any Shareholder who requests a copy, in writing, from the Secretary of the Corporation. Any requests should be mailed to the Corporation, at its head office, to the attending of the Secretary.

### *Approval of Amendments to Share Option Plan*

At the Meeting, the Shareholders will be asked to consider and, if deemed fit, pass the following ordinary resolution, in substantially the following form, approving the Amendments and the Amended Share Option Plan. To be effective, the foregoing resolution must be approved by not less than a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting.

### **Approval of Amended Option Plan**

“RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS THAT

1. the share option plan of the Corporation, as amended by the board of directors (the “**Board**”) and substantially in the form presented to the shareholders (the “**Shareholders**”) of the Corporation (the “**Amended Option Plan**”), be and is hereby approved;
2. the Board be authorized on behalf of the Corporation to make any further amendments to the Amended Option Plan as may be required by regulatory authorities, without further approval of the Shareholders, in order to ensure adoption of the Amended Option Plan;
3. the Board be authorized on behalf of the Corporation to make such other amendments to the Amended Option Plan from time to time as the board of directors of the Corporation may, in its discretion, consider to be appropriate, provided that such amendments will be subject to the approval of all applicable regulatory authorities and in certain cases, in accordance with the terms of the Amended Option Plan, the Shareholders; and
4. the approval of the Amended Option Plan by the Board is hereby ratified and confirmed and any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.”

The directors of the Corporation believe the passing of the foregoing resolution is in the best interests of the Corporation and recommend that Shareholders vote FOR the resolution. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted FOR the resolution approving the proposed Amendments to the Share Option Plan.

### **AUDIT COMMITTEE**

Under National Instrument 52-110 – Audit Committees (“**NI 52-110**”), companies are required to provide disclosure with respect to their audit committee, including the text of the audit committee’s charter, the composition of the audit committee and the fees paid to the external auditor. This information is provided in the Corporation’s annual information form dated March 29, 2017 (the “**AIF**”) with respect to the fiscal year ended December 31, 2016. The AIF is available for review by the public on the SEDAR website located at [www.sedar.com](http://www.sedar.com) “Company Profiles – NGEx Resources Inc.” and may also be obtained free of charge by sending a written request to the Corporation at the Corporation’s head office located at Suite 2000, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

### **STATEMENT OF EXECUTIVE COMPENSATION**

For the purposes of this Information Circular, a Named Executive Officer (a “**NEO**”) means each of the following individuals: (a) the Chief Executive Officer of the Corporation (“**CEO**”), (b) the Chief Financial Officer of the Corporation (“**CFO**”), (c) each of the three most highly compensated executive officers of the Corporation 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 as determined in

accordance with subsection 1.3(6) of Form 51-102F6, for the year ended December 31, 2016; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the Corporation or its subsidiary, nor acting in a similar capacity, as of December 31, 2016.

During the year ended December 31, 2016, the Corporation had six NEO's, namely Wojtek A. Wodzicki, the President and CEO of the Corporation, Chester See, the CFO of the Corporation from January 1, 2016 until February 3, 2016, Joyce Ngo, the Interim CFO from February 3, 2016 to November 10, 2016 and the CFO of the Corporation from November 10, 2016 to December 31, 2016, Robert Carmichael, Vice President, Exploration, James Beck, Vice President, Corporation Development and Projects and former Director Corporate Development and Alfredo Vitaller, General Manager, South American Operations.

Upon Mr. See ceasing to act as the CFO on February 3, 2016, he was engaged as a consultant to provide financial expertise and advice as may be required from time to time by the Corporation.

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Overview of Compensation Philosophy**

The administration of the Corporation's compensation mechanism is handled by the compensation committee (the "**Compensation Committee**") of the Board. On an annual basis, the Compensation Committee reviews the compensation of its NEOs to ensure that each is being compensated in accordance with the objectives of the Corporation's compensation programs which are to:

- provide competitive compensation that attracts and retains talented employees;
- align compensation with Shareholder interests;
- pay for performance;
- support the Corporation's vision, mission and values; and
- be flexible to recognize the needs of the Corporation in different business environments.

### **Role of the Compensation Committee**

As at December 31, 2016 the Compensation Committee was comprised of William A. Rand (Chair), David F. Mullen and Lukas Lundin, all of whom are considered to be independent directors. All of these individuals have direct experience that is relevant to their responsibilities in determining executive compensation for the Corporation as they have been previously, and are currently, involved with compensation matters at other companies, both public and private, with which they are directors.

The Compensation Committee has the depth of knowledge and the diversity of skills necessary to make informed and independent decisions on compensation matters. In particular, the following skills and experience enable the Compensation Committee to think critically and to make decisions on the suitability of the Corporation's compensation policies and practices:

Mr. Lundin: Mr. Lukas Lundin is a business/mining executive; and a director of a number of publicly traded resource-based companies, including Lucara Diamond Corp., Lundin Mining Corporation, Lundin Gold Inc., Denison Mines Corp., International Petroleum Corp., and Lundin Petroleum S.A. Mr. Lundin has led several companies through highly profitable business acquisitions and mergers such as Lundin Mining's \$3.3 billion merger with EuroZinc Mining Corporation, the \$2 billion sale of Tanganyika Oil Company Ltd. and most recently the \$9.2 billion sale of Red Back Mining Inc. Mr. Lundin is a graduate of the New Mexico Institute of Mining and Technology.

Mr. Mullen: Mr. Mullen is currently the Managing Director of Graycliff Partners, an independent investment firm and the Managing Director of Highland West Capital Ltd., a merchant bank. Prior to that, he was the Managing Partner and Chair of Fulcrum Capital Partners Inc. (Canada). Mr. Mullen was formerly the Chief Executive Officer and Head of Private Equity of North America for HSBC Bank (HSBC Capital Canada and HSBC Capital USA) and has served as a director of several publicly-traded resource based companies. Mr. Mullen holds an MBA from the Richard Ivey School of Business at the University of Western Ontario and a Bachelor of Commerce degree from the University of British Columbia.

Mr. Rand: Mr. Rand has served on the board of directors of numerous natural resource companies and his current other board memberships include: Director, Member of Audit Committee and Member of Compensation Committee, Denison Mines Corp.; Lead Director, Member of Audit Committee and Member of Human Resources and Compensation Committee, Lundin Mining Corporation; and Chairman & Director, New West Energy Services Inc.; Mr. Rand is a retired corporate and securities lawyer and mining executive and holds a LLM from the London School of Economics, a LLB from Dalhousie University, a JDS (Hon.) from Dalhousie University and a B. Comm. from McGill University (Honours in Economics and Major in Accounting). Mr. Rand is a Senior Business Advisor with Cassels Brock & Blackwell LLP and has been a member of a number of boards of public companies for over 30 years.

The Compensation Committee is responsible for implementing and overseeing the Corporation's compensation policies and programs as approved by the Board. The Compensation Committee's responsibilities include:

- recommending compensation policies and guidelines to the Board;
- ensuring that the Corporation has in place programs to attract and develop executive officers of the highest caliber and a process to provide for the orderly succession of executive officers; and
- reviewing and approving corporate goals and objectives relevant to the compensation of executive officers and, in light of those goals and objectives, recommending to the Board the annual salary, bonus and other benefits, direct and indirect, of executive officers.

The Compensation Committee considers and evaluates executive compensation levels on an annual basis against available information for "peer group" companies, which are principally comprised of "junior mineral exploration" companies, to ensure that the Corporation's executive compensation levels are within the range of comparable norms. In selecting peer group companies, the Compensation Committee primarily looks for public companies that are comparable in terms of business and size. For the 2016 review, using public filings, the Compensation Committee considered the executive compensation levels, including benefits, of Pilot Gold Inc., Exeter Resource Corporation, Denison Mines Corp., Balmoral Resources Ltd., Dalradian Resources, Lundin Gold Inc., and Bear Creek Mining Corp. (the "**Comparator Group**"). Specific targets for each element of compensation as against the Comparator Group are further discussed under each applicable heading.

The Compensation Committee also considered the Corporation's performance during 2016 and Management's impact on the Corporation's performance in determining total compensation. However, specific objective goals are not set at the beginning of the year. The Compensation Committee assesses performance as a whole. Key milestones achieved during 2016 include:

- Completion of the spin out of the Filo del Sol copper-gold silver project located in San Juan Province, Argentina (the "**Filo del Sol Project**"), by way of a plan of arrangement (the "Arrangement"), into a new public company, Filo Mining Corp. ("**Filo Mining**");
- Completion of several private placement financings totalling \$21 million (the "**2016 Private Placements**");
- Completion of a positive preliminary economic assessment for the Corporation's two copper-gold-silver deposits, the Los Helados deposit, Chile and the Josemaria deposit, Argentina ("**Project Constellation**"); and
- Securing access rights for the Los Helados copper-gold porphyry project located in Chile (the "**Los Helados Project**").

### **Role of Management in Determining Compensation**

The accountability for decisions on executive remuneration is clearly within the mandate of the Compensation Committee, but management has a key role in helping support the Compensation Committee in fulfilling its obligations. For example, the CEO makes recommendations to the Compensation Committee regarding executive officer base salary adjustments, stock option grants and discretionary bonuses, other than with respect to the CEO's own remuneration. The Compensation Committee reviews the basis for these recommendations and can exercise its discretion in modifying any of the recommendations prior to making its recommendations to the Board. The Board can also exercise discretion to increase or decrease amounts prior to making its final determination. The CEO does not make a recommendation to the Compensation

Committee with respect to his own remuneration package, which is determined by the Compensation Committee for recommendation and approval by the Board.

### **Elements of NEO Compensation**

NEO compensation for the year ended December 31, 2016, was comprised of three components; namely, base salary, equity compensation in the form of stock options, and discretionary performance-based bonuses (which NEO bonuses totaled \$670,000 for 2016). In addition, NEOs are entitled to participate in the Corporation's benefits program. A NEO's base salary is intended to remunerate the NEO for discharging job responsibilities and reflects the executive's performance over time. Base salaries are used as a measure to compare to, and remain competitive with, compensation offered by competitors and as the base to determine other elements of compensation and benefits. The stock option component of a NEO's compensation, which includes a vesting element to ensure retention, meets the objectives of the Corporation's compensation program by both motivating the executive towards increasing share value and enabling the executive to share in the future success of the Corporation. Discretionary performance-based bonuses are considered from time to time to reward those who have achieved exceptional performance and meet the objectives of the Corporation's compensation program by rewarding pay for performance. Other benefits do not form a significant part of the remuneration package of any of our NEOs.

A number of factors are considered by the Compensation Committee and the Board when determining NEO compensation, including:

- the NEO's individual contribution to the benefit of the Corporation and the assessment of each NEO's individual performance;
- the long-term interests of the Corporation and its Shareholders including exploration success;
- the NEO's responsibilities, length of service and levels of compensation provided by industry competitors; and
- the operational performance and the Corporation's financial position.

### *Base Salary*

Except for the base salary of the CFO, the annual base salaries payable to the other NEOs are paid pursuant to individual employment agreements between the NEOs and Filo Mining as allocated and prescribed pursuant to the Services Agreement (as defined below). The base salary of the CFO is paid pursuant to an employment agreement between the CFO and the Corporation.

Base salaries are a fixed component of compensation to ensure that the Corporation remains competitive and continues to attract and retain qualified and experienced executives. Base salaries are reviewed and, if appropriate, adjusted annually. The Corporation endeavours to pay the salaries of its NEOs at the mid-range level of the Comparator Group while providing NEOs with additional performance-based compensation such as discretionary performance-based bonuses and stock options, as further discussed below. There will, however, be occasions when the Corporation pays salaries above or below this level depending on the individual skills and experience of the executive. In May 2014, an increase in the base salary for inflation by 2% was granted to the Corporation's CEO, Mr. Wojtek Wodzicki, and VP Exploration, Mr. Robert Carmichael, each effective June 1, 2014. In May 2015, an increase in the base salary was granted to certain NEOs. Mr. Wodzicki's base salary was increased by approximately 5.1%, from \$336,600 to \$354,000; Mr. Carmichael's base salary was increased by approximately 3.1%, from \$234,600 to \$242,000; and Mr. Beck's base salary was increased by approximately 3.3%, from \$180,000 to \$186,000. On February 3, 2016, Ms. Ngo was appointed Interim Chief Financial Officer and, in recognition of her increased responsibilities, her base salary, which is based on a condensed, four day work week, was set at \$120,000. On November 10, 2016, Ms. Ngo was appointed to the position of Chief Financial Officer and her base salary, which is based on a condensed, four day work week, was increased by approximately 25%, from \$120,000 to \$150,000. Prior to February 3, 2016, Ms. Ngo held the position of Corporate Controller and was not considered a NEO of the Corporation.

Subsequent to December 31, 2016, on February 1, 2017, Mr. Beck's base salary was increased by approximately 21%, from \$186,000 to \$225,000, in recognition of his increased responsibilities related to his appointment as Vice President, Corporate Development and Projects.

### *Performance-based Bonuses*

The Compensation Committee provides recommendations on discretionary cash bonuses from time to time. Bonuses are a variable, or “at-risk”, component of compensation designed to pay for performance and support the Corporation’s vision, mission and values. To determine the amount of discretionary cash bonuses to award to a NEO the Compensation Committee considers the performance factors described above in the section under the heading “Elements of NEO Compensation” as well as taking into consideration both individual and corporate performance measures, including financials, budgetary, projects and other initiatives. Such performance measures are based on a subjective assessment by the Compensation Committee in light of overall performance achieved during that year and are not based on objectively defined targets. Although the Compensation Committee reviews bonuses paid by the Comparator Group noted above, the Compensation Committee does not formally benchmark bonuses.

The Board, on the recommendation of the Compensation Committee, determined not to pay any bonuses to NEO’s in connection with either of the fiscal years ended December 31, 2014 and December 31, 2015, due to market conditions and a desire to conserve the Corporation’s treasury for use in exploration and business development.

On February 20, 2017, the Board, on the recommendation of the Compensation Committee, determined that it was appropriate to pay bonuses for performance in 2016 to the NEO’s. For the financial year ended December 31, 2016, Messrs. Wodzicki, Carmichael, Vitaller, Beck, and Ms. Ngo, each were awarded the following bonuses in recognition of their efforts on behalf of the Corporation:

<b>Name</b>	<b>Bonus Awarded (\$)</b>
<b>Wojtek A. Wodzicki</b> President & CEO	325,000
<b>Joyce Ngo</b> CFO	50,000
<b>Robert Carmichael</b> VP Exploration	120,000
<b>James Beck</b> Director, Corporate Development	75,000
<b>Alfredo Vitaller</b> General Manager, South American Operations	100,000

No bonus was paid to Mr. See in 2016.

Among other things, these awards were in recognition of the Corporation’s successful completion of the Arrangement; the successful completion of the 2016 Private Placements; the successful completion of a positive preliminary economic assessment for Project Constellation; securing access rights for the Los Helados Project; and for the Corporation’s exploration successes. While the 2016 performance bonus was awarded in respect of the relevant financial year, the amount was not paid to the NEOs until the subsequent year, on March 15, 2017.

### *Stock Options*

The Corporation provides long-term incentives through stock option grants pursuant to its Share Option Plan. Options are a variable, or “at-risk”, component of compensation which are considered to be an effective vehicle for deepening a sense of ownership amongst executives and increasing alignment with the interests of Shareholders, as they vest over time and provide an incentive to create long-term growth.

The purpose of the Share Option Plan is to promote the interests of the Corporation by:

- providing its directors, senior officers, employees, management company employees and consultants (the “**Eligible Persons**”) with additional incentive;
- encouraging stock ownership by such Eligible Persons;
- increasing proprietary interest of Eligible Persons in the success of the Corporation;
- encouraging Eligible Persons to remain with the Corporation or its affiliates; and

- attracting new employees, directors and officers.

All NEOs are eligible to participate in the Share Option Plan. Reference is made to the heading “Equity Compensation Plan Information” for a description of the Share Option Plan.

Stock options are generally awarded to Eligible Persons at the commencement of employment and periodically thereafter. In making a determination as to whether a grant of long-term incentive stock options is appropriate, and if so, the number of options that should be granted, consideration is given to: in addition to the performance factors referred to under “Elements of NEO Compensation”, the number and terms of outstanding incentive stock options held by the NEO; past and expected future performance of the NEO; the potential dilution to Shareholders; general industry standards; and the limits imposed by the terms of the Corporation’s Share Option Plan and the TSX. The Corporation considers the granting of incentive stock options to be a particularly important element of compensation as it allows the Corporation to reward each NEO’s efforts to increase value for Shareholders without requiring the Corporation to use cash from its treasury. Stock options also allow the Corporation to be flexible to recognize the needs of the Corporation in different business environments. The terms and conditions of the Corporation’s stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Share Option Plan, which are described under “Incentive Plan Awards” and “Equity Compensation Plan Information”. Although the Compensation Committee reviews options granted by the peer group noted above, the Compensation Committee does not formally benchmark option grants.

Taking into account the factors described above, on February 24, 2016, the Compensation Committee recommended and the Board approved on February 24, 2016 the following stock option grants:

Name	Options Granted (#)	Option Exercise Price (\$)	Option Expiration Date
<b>Wojtek A. Wodzicki</b> President & CEO	400,000	0.61	Feb. 24, 2019
<b>Joyce Ngo</b> CFO	50,000	0.61	Feb. 24, 2019
<b>Robert Carmichael</b> VP Exploration	200,000	0.61	Feb. 24, 2019
<b>James Beck</b> Director, Corporate Development	60,000	0.61	Feb. 24, 2019
<b>Alfredo Vitaller</b> General Manager, South American Operations	200,000	0.61	Feb. 24, 2019

These options vest over a two year period, one-third immediately, one-third after 12 months and one-third after 24 months from the date of grant. See “Incentive Plan Awards”.

In addition to the above grants, Mr. See, in his capacity as a consultant, was awarded 25,000 Options expiring March 31, 2019 with an exercise price of 0.68.

#### *Benefits and Perquisites*

Benefits do not form a significant part of the remuneration package of any of the NEOs. In most cases, employment benefits, health care and life insurance are provided in a manner which is in keeping with industry standards. During the financial year ended December 31, 2016, none of the NEOs received any perquisites which in the aggregate were greater than \$50,000 or 10% of the respective NEO’s salary.

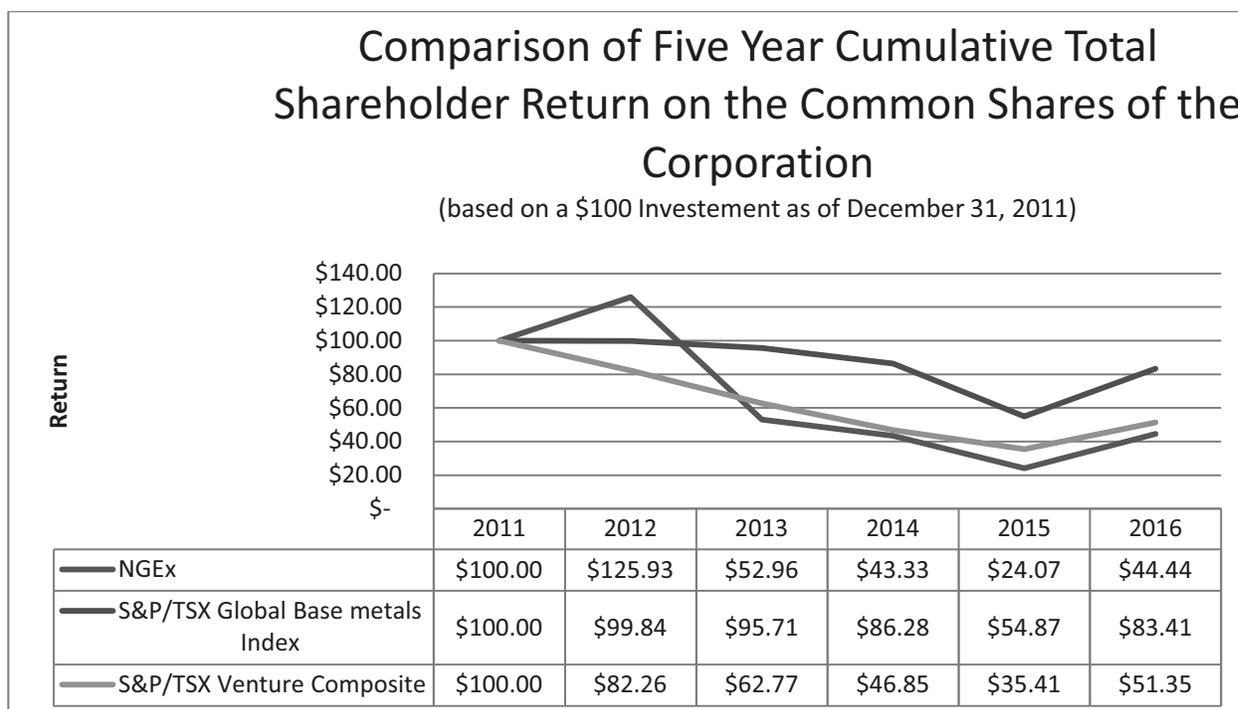
#### *Risks Associated with Corporation’s Compensation Policies and Practices*

Given the current stage of development of the Corporation, neither the Board nor the Compensation Committee has proceeded to a formal evaluation of the implications of the risks associated with the Corporation’s compensation policies and practices; however, risk management is a consideration of the Board generally when implementing its compensation program. The Board and the Compensation Committee do not believe that the Corporation’s compensation program results in unnecessary or inappropriate risk-taking and the Board and the Compensation Committee have not identified any risks arising from the compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

The Corporation's NEOs and directors are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

**PERFORMANCE GRAPH**

The following graph compares the total cumulative shareholder return for \$100 invested in Common Shares of the Corporation from December 31, 2011 to December 31, 2016 with the cumulative total return of the S&P/TSX Global Base Metals Index and the S&P/TSX Venture Composite for the five most recently completed financial years of the Corporation.



The graph above reflects that from December 31, 2011 to December 31, 2012, the Corporation performed slightly better than the S&P/TSX Global Base Metals Index and the S&P/TSX Venture Composite. However, since 2013, the Corporation's performance has been lower than the performance of the S&P/TSX Global Base Metals Index and the S&P/TSX Venture Composite. During this period, shareholder return generally declined due to disruptions in the financial and junior resource markets amidst persistent risk aversion sentiment and volatility in commodity prices (particularly the price of copper), and underwhelming economic news from many of the world's advanced and developing economies. Due to these market conditions and a desire to conserve the Corporation's treasury for use in exploration and business development, and despite the increased experience of the individual executives and exploration successes, from 2013 to 2015, the Corporation did not offer any performance-based bonuses or increases in the base salaries paid to its NEOs, other than inflationary adjustments. However, for the year ended December 31, 2016, in recognition of the Corporation's successful completion of the Arrangement; the successful completion of the 2016 Private Placements; the successful completion of a positive preliminary economic assessment for Project Constellation; securing access rights for the Los Helados Project; and exploration successes, the Corporation decided to pay performance-based bonuses to its NEOs. See "Performance-based Bonuses" above for further details. In addition, the Corporation increased the salaries of two of its NEOs in recognition of their increased responsibilities related to their promotions to executive positions within the Corporation. See "Base Salary" above for further details].

The Board is satisfied that the compensation offered to the Corporation's NEOs is consistent with the Corporation's continued progress in building its business and improving its asset base, and is fair and reasonable, notwithstanding the trend in the Corporation's performance shown in the graph above.

## SUMMARY COMPENSATION TABLE

### Summary Compensation Table

The following table sets forth a summary of the total compensation paid to, or earned by the Corporation's NEO's during the three most recently completed financial years ended December 31, 2016, 2015, and 2014:

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based Awards (\$) <sup>(1)</sup>	Non-equity Incentive Plan Compensation (\$)		Pension value (\$) <sup>(2)</sup>	All other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
<b>Wojtek A. Wodzicki</b> <sup>(3)</sup> President and CEO	2016	221,250 <sup>(4)</sup>	Nil	89,107	325,000 <sup>(5)</sup>	Nil	Nil	Nil	635,357
	2015	346,750	Nil	147,596	Nil	Nil	Nil	Nil	494,346
	2014	333,850	Nil	267,870	Nil	Nil	Nil	Nil	601,720
<b>Joyce Ngo</b> <sup>(6)</sup> CFO	2016	124,204 <sup>(7)(8)</sup>	Nil	11,138	50,000 <sup>(5)</sup>	Nil	Nil	Nil	185,342
	2015	76,341	Nil	50,687	Nil	Nil	Nil	Nil	127,028
	2014	75,000	Nil	10,222	Nil	Nil	Nil	Nil	85,222
<b>Robert Carmichael</b> VP Exploration	2016	151,250 <sup>(9)</sup>	Nil	44,553	120,000 <sup>(5)</sup>	Nil	Nil	Nil	315,803
	2015	238,917	Nil	73,798	Nil	Nil	Nil	Nil	312,715
	2014	232,683	Nil	125,006	Nil	Nil	Nil	Nil	357,689
<b>James Beck</b> <sup>(10)</sup> Director, Corporate Development	2016	116,250 <sup>(11)</sup>	Nil	13,366	75,000 <sup>(5)</sup>	Nil	Nil	Nil	204,616
	2015	183,500 <sup>(12)</sup>	Nil	36,408	Nil	Nil	Nil	Nil	219,908
	2014	180,000 <sup>(12)</sup>	Nil	57,146	Nil	Nil	Nil	Nil	237,146
<b>Alfredo Vitaller</b> General Manager, South American Operations	2016	129,679 <sup>(13)(14)</sup>	Nil	44,553	100,000 <sup>(5)</sup>	Nil	Nil	Nil	274,232
	2015	221,338 <sup>(14)</sup>	Nil	73,798	Nil	Nil	Nil	Nil	300,228
	2014	201,510 <sup>(14)</sup>	Nil	125,006	Nil	Nil	Nil	Nil	331,548
<b>Chester See</b> <sup>(15)</sup> Consultant and Former CFO	2016	-	Nil	6,494	Nil	Nil	Nil	Nil	6,494
	2015	30,833	Nil	4,920	Nil	Nil	Nil	Nil	35,753
	2014	185,000	Nil	107,148	Nil	Nil	Nil	Nil	292,148

#### Notes:

- (1) The Corporation used the Black-Scholes option pricing model for determining the fair value of stock options issued at grant date. The Corporation selected the Black-Scholes model given its prevalence of use within North America. The key assumptions used for this determination for 2016 are: a) average risk-free rate of 0.43%; b) expected life of 2.5 years; c) the price of the stock on the grant date; d) expected volatility of 59%; and d) no expected dividend payments. For the 2015 assumptions they were: a) average risk-free rate of 0.67%; b) expected life of 2.5 years; c) the price of the stock on the grant date; d) expected volatility of 49%; and d) no expected dividend payments. For the 2014 assumptions, they were: a) average risk-free rate of 1.05%; b) expected life of 2.5 years; c) the price of the stock on the grant date; d) expected volatility of 55%; and d) no expected dividend payments. The amount presented in the table represents the fair value of the options granted in the period. It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price. Therefore, the value attributed to the stock options under the Black-Scholes model does not necessarily correspond to the actual future value that will be realized.
- (2) The Corporation does not have any pension, retirement or deferred compensation plans, including defined contribution plans.
- (3) Mr. Wodzicki is also a director and does not receive any additional compensation in his role as a director.
- (4) Effective as of August 16, 2016, Mr. Wodzicki's salary is paid by Filo Mining. His service in the capacity of NEO to the Corporation was carried out pursuant to an employment agreement with the Corporation and the Services Agreement, whereby, during the year ended December 31, 2016, the Corporation reimbursed approximately \$66,400 to Filo Mining, which represents 50% of his total cumulative remuneration for his services to both the Corporation and Filo Mining. See "Services Agreement with Filo Mining Corp." below.

- (5) Bonuses for 2016 performance were awarded in the first quarter of 2017. See “Annual Incentive Plans”.
- (6) Ms. Joyce Ngo was appointed Interim Chief Financial Officer on February 3, 2016 and appointed Chief Financial Officer on November 10, 2016.
- (7) Ms. Ngo’s compensation is based on a condensed four day work week and excludes cost recovery from Filo Mining for services rendered as described in Note (8).
- (8) Ms. Ngo provided executive and consulting services to Filo Mining from the period of August 16, 2016 to December 31, 2016, and the Corporation received \$23,100 as reimbursement from Filo Mining in relation to the services provided.
- (9) Effective as of August 16, 2016, Mr. Carmichael’s salary is paid by Filo Mining. His service in the capacity of NEO to the Corporation was carried out pursuant to an employment agreement with the Corporation and the Services Agreement, whereby, during the year ended December 31, 2016, the Corporation reimbursed approximately \$27,200 to Filo Mining, which represents 30% of his total cumulative remuneration for his services to both the Corporation and Filo Mining. See “Services Agreement with Filo Mining Corp.” below.
- (10) Mr. Beck was appointed Vice President, Corporate Development and Projects on February 1, 2017. During the year ended December 31, 2016, Mr. Beck was the Director, Corporate Development.
- (11) Effective as of August 16, 2016, Mr. Beck’s salary is paid by Filo Mining. His service in the capacity of NEO to the Corporation was carried out pursuant to an employment agreement with the Corporation and the Services Agreement, whereby, during the year ended December 31, 2016, the Corporation reimbursed approximately \$34,900, to Filo Mining, which represents 50% of his total cumulative remuneration for his services to both the Corporation and Filo Mining. See “Services Agreement with Filo Mining Corp.” below.
- (12) Mr. Beck was appointed Director Corporate Development of the Corporation effective January 2, 2014. During the financial year ended December 31, 2015, a portion of Mr. Beck’s time was allocated to Lundin Gold Inc. and an aggregate of \$81,016 was reimbursed to the Corporation by Lundin Gold Inc. for such executive services attributable to Mr. Beck. During the financial year ended December 31, 2014, a portion of Mr. Beck’s time was allocated to Lundin Gold Inc. and an aggregate of \$13,552 was reimbursed to the Corporation by Lundin Gold Inc. for such executive services attributable to Mr. Beck.
- (13) Effective as of August 16, 2016, Mr. Vitaller’s consulting costs were paid by Filo Mining. His service in the capacity of NEO to the Corporation was carried out pursuant to a consulting agreement with the Corporation and the Services Agreement, whereby, during the year ended December 31, 2016, the Corporation reimbursed approximately \$40,900, to Filo Mining, which represents 50% of his total cumulative remuneration for his services to both the Corporation and Filo Mining. See “Services Agreement with Filo Mining Corp.” below.
- (14) Represents salaries and fees. The salaries and a portion of the fees have been paid in Argentine pesos and are translated into Canadian dollars using the exchange rate for the respective reporting year of December 31, 2016: 11.7096 per Canadian dollar; December 31, 2015: 9.3545 per Canadian dollar; and December 31, 2014: 7.2939 per Canadian dollar. A portion of the fees are paid in United States dollars and are translated into Canadian dollars using the exchange rate for the respective reporting year of December 31, 2016: 0.7447 per Canadian dollar; December 31, 2015: 0.7225 per Canadian dollar; and December 31, 2014: 0.8620 per Canadian dollar.
- (15) Mr. See was appointed Chief Financial Officer on August 16, 2013 and his services were provided pursuant to an employment agreement with the Corporation up until February 28, 2015. Effective February 28, 2015, the Mr. See’s employment agreement with the Corporation was terminated and effective March 1, 2015, the executive services of Mr. See as Chief Financial Officer were provided through Lundin Gold Inc., a company in which Mr. See was also an officer, pursuant to which the Corporation incurred consulting fees of \$35,438. During the financial year ended December 31, 2015, a portion of Mr. See’s time was allocated to Lundin Gold Inc. and an aggregate of \$29,000 was reimbursed to the Corporation by Lundin Gold Inc. for such executive services attributable to Mr. See. Mr. See resigned as Chief Financial Officer on February 3, 2016. On March 31, 2016, the Corporation entered into a consulting agreement with Mr. See to provide financial expertise and advice as may be required from time to time by the Corporation. The 25,000 options referenced in the table above were awarded in Mr. See’s capacity as a consultant.

### ***Services, Employment and Consulting Agreements***

#### **Services Agreement with Filo Mining Corp.**

To minimize dilution of the Corporation’s Project Constellation while further unlocking the value of the Filo del Sol Project, the Corporation spun out its wholly-owned Filo del Sol Project into Filo Mining, by way of a plan of arrangement under the Canada Business Corporations Act. The Arrangement was completed on August 16, 2016 and the common shares of Filo Mining began trading on the TSX Venture Exchange and the Nasdaq First North Exchange on August 26, 2016 and September 6, 2016, respectively under the trading symbol “FIL”.

The Corporation has a cost sharing arrangement with Filo Mining for the provisions of key management personnel services to the Corporation. Under the terms of a services agreement between the Corporation and Filo Mining, dated August 16, 2016 (the “**Services Agreement**”), Filo Mining provides executive management and personnel services to the Corporation, while the Corporation provides financial management and administrative services to Filo Mining.

### **Employment Agreements**

Mr. Wodzicki services are provided pursuant to an employment agreement with the Corporation dated August 16, 2016 (the “**Wodzicki Employment Agreement**”) and the Services Agreement. Pursuant to the Wodzicki Employment Agreement and the Services Agreement, Mr. Wodzicki is paid a cumulative annual salary of \$354,000 for his services as President and Chief Executive Officer of the Corporation and for his services as President and Chief Executive Officer of Filo Mining Corp. Effective September 1, 2016, 50% of Mr. Wodzicki’s annual salary is attributable to his services to the Corporation. The Corporation also reimburses Mr. Wodzicki for any reasonable travelling and other direct expenses incurred by Mr. Wodzicki in connection with his services. The Wodzicki Employment Agreement has an indefinite term and automatically renews each year unless terminated by the Corporation (without Cause (as defined below)) on 60 days written notice or by Mr. Wodzicki (voluntarily) on 90 days written notice. Pursuant to the Services Agreement, Mr. Wodzicki receives standard employment benefits, including medical, extended health, and, where applicable, life insurance.

Ms. Ngo’s services are provided pursuant to an employment agreement with the Corporation dated November 10, 2016 (the “**Ngo Employment Agreement**”). Pursuant to the Ngo Employment Agreement, Ms. Ngo provides her services as Chief Financial Officer of the Corporation and the Corporation pays Ms. Ngo an annual salary of \$150,000. The Corporation reimburses Ms. Ngo for any reasonable travelling and other direct expenses incurred by Ms. Ngo in connection with her services. Ms. Ngo’s compensation is based on a condensed, four day work week. The Ngo Employment Agreement has an indefinite term and automatically renews each year unless terminated by the Corporation (without Cause) on 60 days written notice or by Ms Ngo (voluntarily) on 90 days written notice. Pursuant to the Ngo Employment Agreement, Ms. Ngo receives standard employment benefits, including medical, extended health, and, where applicable, life insurance.

Mr. Carmichael’s services are provided pursuant to an employment agreement with the Corporation dated August 16, 2016 (the “**Carmichael Employment Agreement**”), and the Services Agreement. Pursuant to the Carmichael Employment Agreement and the Services Agreement, Mr. Carmichael is paid a cumulative annual salary of \$242,000 for his services as Vice President, Exploration of the Corporation and for his services as Vice President, Exploration of Filo Mining. Effective September 1, 2016, 30% of Mr. Carmichael’s annual salary is attributable to his services to the Corporation. The Corporation also reimburses Mr. Carmichael for any reasonable travelling and other direct expenses incurred by Mr. Carmichael in connection with his services. The Carmichael Employment Agreement has an indefinite term and automatically renews each year unless terminated by the Corporation (without Cause) on 60 days written notice or by Mr. Carmichael (voluntarily) on 90 days written notice. Pursuant to the Services Agreement, Mr. Carmichael receives standard employment benefits, including medical, extended health, and where applicable, life insurance.

Mr. Beck’s services are provided pursuant to an employment agreement with the Corporation dated February 1, 2017 (the “**Beck Employment Agreement**”) and the Services Agreement. Pursuant to the Beck Employment Agreement and the Services Agreement, Mr. Beck is paid an annual salary of \$225,000 for his services as Vice President, Corporate Development and Projects of the Corporation and for his services as Vice President, Corporate Development and Projects of the Filo Mining. Effective September 1, 2016, 50% of Mr. Beck’s annual salary is attributable to his services to the Corporation. The Corporation also reimburses Mr. Beck for any reasonable travelling and other direct expenses incurred by Mr. Beck in connection with his services. The Beck Employment Agreement has an indefinite term and automatically renews each year unless terminated by the Corporation (without Cause) on 60 days written notice or by Mr. Beck (voluntarily) on 90 days written notice. Pursuant to the Services Agreement, Mr. Beck receives standard employment benefits, including medical, extended health, and where applicable, life insurance.

Mr. Vitaller’s services are provided pursuant to a consulting agreement dated August 16, 2016, with the Corporation, the Services Agreement and a work contract dated September 1, 2016, with a subsidiary of Filo Mining (the “**Vitaller Agreements**”). Pursuant to the Vitaller Agreements, Mr. Vitaller is paid a cumulative annual salary of approximately \$211,000 for his services as General Manager of South American Operations of the Corporation and for his services as General Manager of South American Operations of Filo Mining. Effective September 1, 2016, 50% of Mr. Vitaller’s annual compensation is attributable to his services to the Corporation. The Corporation also reimburses Mr. Vitaller for any reasonable travelling and other direct expenses incurred by Mr. Vitaller in connection with his services, and where applicable, pre-approved by the Corporation. The Vitaller Agreements, subject to Argentine labour laws in effect, as

amended from time to time, have an indefinite term and automatically renew each year unless terminated by the Corporation or by Mr. Vitaller on 30 days written notice. Pursuant to his work contract with a subsidiary of Filo Mining Corp., Mr. Vitaller receives standard employment benefits, including medical, extended health, and where applicable, life insurance.

See “Termination and Change of Control Benefits” below for details regarding termination and change of control benefits payable to the NEOs.

## **INCENTIVE PLAN AWARDS**

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

The following table sets forth for the NEOs, the incentive stock options granted pursuant to the Share Option Plan, outstanding as at December 31, 2016. As at December 31, 2016, all of these option-based awards have vested. The Corporation does not grant any share-based awards. There are no share-based awards outstanding.

<b>Option-based Awards</b>				
<b>Name</b>	<b>Number of Securities Underlying Unexercised Options (#)</b>	<b>Option Exercise Price (\$)</b>	<b>Option Expiration Date</b>	<b>Value of Unexercised In-the-money Options (\$)<sup>(1)</sup></b>
<b>Wojtek A. Wodzicki</b> President & CEO	400,000	0.61	Feb. 24, 2019	236,000
	500,000	0.89	May 11, 2018	155,000
	375,000	1.80	May 7, 2017	Nil
<b>Joyce Ngo</b> <sup>(2)</sup> CFO	50,000	0.61	Feb. 24, 2019	29,500
	150,000	0.79	Nov. 25, 2018	61,500
	40,000	0.89	May 11, 2018	12,400
	15,000	1.80	May 7, 2017	Nil
<b>Robert Carmichael</b> VP Exploration	200,000	0.61	Feb. 24, 2019	118,000
	250,000	0.89	May 11, 2018	77,500
	175,000	1.80	May 7, 2017	Nil
<b>James Beck</b> <sup>(3)</sup> Director Corporate Development	60,000	0.61	Feb. 24, 2019	35,400
	125,000	0.89	May 11, 2018	38,750
	80,000	1.80	May 7, 2017	Nil
<b>Alfredo Vitaller</b> General Manager, South American Operations	200,000	0.61	Feb. 24, 2019	118,000
	250,000	0.89	May 11, 2018	77,500
	175,000	1.80	May 7, 2017	Nil
<b>Chester See</b> <sup>(4)</sup> Consultant and Former CFO	25,000	0.68	March 31, 2019	13,000

Notes:

- (1) Calculated using the closing price of the Common Shares on the TSX on December 31, 2016 of \$1.20 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (2) Ms. Ngo was appointed Interim Chief Financial Officer on February 3, 2016 and appointed Chief Financial Officer on November 10, 2016.
- (3) Subsequent to December 31, 2016, on February 1, 2017, Mr. Beck was appointed Vice President, Corporate Development and Projects.
- (4) Mr. See resigned as CFO on February 3, 2016. On March 31, 2016, the Corporation entered into a consulting agreement with Mr. See to provide financial expertise and advice as may be required from time to time by the Corporation.

### ***Incentive Plan Awards – Value Vested or Earning During The Year***

The following table sets forth for the NEOs, the value vested during the financial year ended on December 31, 2016 for options awarded under the Share Option Plan, as well as the value earned under non-equity incentive plans for the same period.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share -based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
<b>Wojtek A. Wodzicki</b> President and CEO	376,000	Nil	Nil
<b>Joyce Ngo</b> <sup>(2)</sup> CFO	87,600	Nil	Nil
<b>Robert Carmichael</b> VP Exploration	188,000	Nil	Nil
<b>James Beck</b> <sup>(3)</sup> Director Corporate Development	68,400	Nil	Nil
<b>Alfredo Vitaller</b> General Manager, South American Operations	188,000	Nil	Nil
<b>Chester See</b> <sup>(4)</sup> Consultant and Former CFO	14,250	Nil	Nil

Note:

- (1) Calculated using the closing price of the Common Shares on the TSX on the dates on which stock options vested during the financial year ended December 31, 2016, and subtracting the exercise price of in-the-money stock options.
- (2) Ms. Ngo was appointed Interim Chief Financial Officer on February 3, 2016 and appointed Chief Financial Officer on November 10, 2016.
- (3) Subsequent to December 31, 2016, on February 1, 2017, Mr. Beck was appointed Vice President, Corporate Development and Projects.
- (4) Mr. See resigned as CFO on February 3, 2016. On March 31, 2016, the Corporation entered into a consulting agreement with Mr. See to provide financial expertise and advice as may be required from time to time by the Corporation.

## **TERMINATION AND CHANGE OF CONTROL BENEFITS**

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

Other than as set forth below, the Corporation does not have any contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in the NEO's responsibilities.

Any payments to a NEO following or in connection with any termination are subject to the terms of the NEO's employment agreement and the Services Agreement, as applicable. See "Services, Employment and Consulting Agreements" above for further details.

Mr. Wodzicki, President and Chief Executive Officer

Pursuant to the Wodzicki Employment Agreement, Mr. Wodzicki, at any time, may terminate the Wodzicki Employment Agreement voluntarily, by giving 90 days written notice to the Corporation. Mr. Wodzicki may also terminate the Wodzicki Employment Agreement for "Good Reason" (see Note 1 below), at any time, and the Corporation may terminate the Wodzicki Employment Agreement, without Cause (see Note 2 below), by giving 60 days notice, or payment and benefits in lieu of notice, to Mr. Wodzicki, whereupon the Corporation will pay Mr. Wodzicki a lump sum amount equal to the compensation earned up to the termination date plus 18 months base salary at the rate being paid at the time of termination (this amount does not apply if Mr. Wodzicki is transferred or retained full-time by another entity affiliated with the Lundin group of companies within one month of termination). In addition, this amount shall be in respect of the provision of his services to the Corporation only and shall be prescribed pursuant to the Services Agreement. Pursuant to the Wodzicki Employment Agreement, within six months following a "Change of Control" (see Note 2 below), Mr. Wodzicki shall be entitled to resign and the Corporation will pay Mr. Wodzicki a lump sum amount equal to the compensation earned up to the termination date plus 18 months base salary at the rate being paid at the time of termination and all the stock options held by Mr. Wodzicki will vest immediately.

The Corporation may terminate the Wodzicki Employment Agreement without notice "for Cause" whereupon Mr. Wodzicki

would not be entitled to any severance payment other than compensation earned by Mr. Wodzicki before the date of termination.

Ms. Ngo, Chief Financial Officer

Pursuant to the Ngo Employment Agreement, Ms. Ngo, at any time, may terminate the Ngo Employment Agreement voluntarily, by giving 90 days written notice to the Corporation. Ms. Ngo may also terminate the Ngo Employment Agreement for Good Reason, at any time and the Corporation may terminate the Ngo Employment Agreement, without Cause, at any time, by giving 60 days written notice, or payment and benefits in lieu of notice, to Ms. Ngo, whereupon the Corporation will pay Ms. Ngo a lump sum amount equal to the compensation earned up to the termination date plus five (5) months base salary at the rate being paid at the time of termination (this amount does not apply if Ms. Ngo is transferred or retained full-time by another entity affiliated with the Lundin group of companies within one month of termination). Pursuant to the Ngo Employment Agreement, within six months following a Change of Control, Ms. Ngo shall be entitled to resign and the Corporation will pay Ms. Ngo a lump sum amount equal to ten (10) months base salary at the rate being paid at the time of termination and all the stock options held by Ms. Ngo will vest immediately.

The Corporation may terminate the Ngo Employment Agreement without notice for Cause whereupon Ms. Ngo would not be entitled to any severance payment other than compensation earned by Ms. Ngo before the date of termination.

Mr. Carmichael, Vice President, Exploration

Pursuant to the Carmichael Employment Agreement, Mr. Carmichael, at any time, may terminate the Carmichael Employment Agreement voluntarily, by giving 90 days written notice to the Corporation. Mr. Carmichael may also terminate the Carmichael Employment Agreement for Good Reason, at any time, and the Corporation may terminate the Carmichael Employment Agreement, without Cause, by giving 60 days written notice, or payment and benefits in lieu of notice, to Mr. Carmichael, whereupon the Corporation will pay Mr. Carmichael a lump sum amount equal to the compensation earned up to the termination date plus 12 months base salary at the rate being paid at the time of termination (this amount does not apply if Mr. Carmichael is transferred or retained full-time by another entity affiliated with the Lundin group of companies within one month of termination). In addition, this amount shall be in respect of the provision of his services to the Corporation only and shall be prescribed pursuant to the Services Agreement. Pursuant to the Carmichael Employment Agreement, within six months following a Change of Control, Mr. Carmichael shall be entitled to resign and the Corporation will pay Mr. Carmichael a lump sum amount equal to the compensation earned up to the termination date plus 12 months base salary at the rate being paid at the time of termination and all the stock options held by Mr. Carmichael will vest immediately.

The Corporation may terminate the Carmichael Employment Agreement without notice for Cause whereupon Mr. Carmichael would not be entitled to any severance payment other than compensation earned by Mr. Carmichael before the date of termination.

Mr. Beck, Vice President, Corporate Development and Projects

Pursuant to the Beck Employment Agreement, Mr. Beck, at any time, may terminate the Beck Employment Agreement voluntarily by giving 90 days written notice to the Corporation. Mr. Beck may also terminate the Beck Employment Agreement for Good Reason, at any time, and the Corporation may terminate the Beck Employment Agreement, at any time, without Cause, by giving 60 days written notice, or payment and benefits in lieu of notice, to Mr. Beck, whereupon the Corporation will pay Mr. Beck a lump sum amount equal to the compensation earned up to the termination date plus the equivalent of six (6) months base salary plus one (1) month for each additional year of service subsequent to February 1, 2017, to a maximum of 12 months base salary at the rate being paid at the time of termination (this amount does not apply if Mr. Beck is transferred or retained full-time by another entity affiliated with the Lundin group of companies within one month of termination). In addition, this amount shall be in respect of the provision of his services to the Corporation only and shall be prescribed pursuant to the Services Agreement. Pursuant to the Beck Employment Agreement, within six months following a Change of Control, Mr. Beck shall be entitled to resign and the Corporation will pay Mr. Beck a lump sum amount equal to 12 months base salary at the rate being paid at the time of termination and all the stock options held by Mr. Beck will vest immediately.

The Corporation may terminate the Beck Employment Agreement without notice for Cause whereupon Mr. Beck would not be entitled to any severance payment other than compensation earned by Mr. Beck before the date of termination.

Mr. Vitaller, General Manager, South America Operations

Pursuant to the Vitaller Agreements, subject to Argentine labour laws in effect, as amended from time to time, Mr. Vitaller, at any time, may terminate the consulting agreement by giving 30 days written notice to the Corporation, and at any time the Corporation may terminate the consulting agreement by giving 30 days written notice to Mr. Vitaller.

Notes:

- (1) "Good Reason" shall mean (i) a material reduction in the executive's responsibilities, title or reporting; (ii) a reduction of the executive's base salary or vacation; (iii) a material change in the place of employment from which the executive works; or (iv) any other circumstances that would otherwise constitute a constructive dismissal at common law.
- (2) "Cause" shall mean any one of the following: (i) if there is a repeated and demonstrated failure to perform the material duties of the executive's position in a competent manner and where the executive fails to substantially remedy the failure within a reasonable period of time after receiving written notice of such failure from the Corporation; (ii) if the executive is convicted of a criminal offence; (iii) if the executive is sanctioned or otherwise penalized by the TSX and/or any regulatory authorities having jurisdiction for an offence involving fraud or dishonesty; (iv) if the executive fails to honor his/her fiduciary duties to the Corporation, including the duty to act in the best interests of the Corporation and its associates and affiliates or is in breach of any provision of the agreement; or (v) if the executive disobeys reasonable and lawful instructions given in the course of employment by the Board that are not remedied by such executive within a reasonable period of time after receiving written notice of such disobedience.
- (3) "Change of Control" shall mean any one of the following: (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its affiliates and another corporation or other entity, as a result of which the holders of Common Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction; (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets rights or properties of the Corporation and/or any of its subsidiaries, which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Corporation and its subsidiaries on a consolidated bases to any other person or entity, other than a disposition to a majority-owned subsidiary of the Corporation in the course of a reorganization of the Corporation's assets and its subsidiaries; (iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation; (iv) any person, entity or group of persons or entities acting jointly or in concert acquires or acquires control of 40% or more of the Corporation; (v) as a result of a contested election of directors or a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation, where the incumbent directors no longer constitute a majority of the board; or (vi) the board adopts a resolution to the effect that a change of control has occurred or is imminent.

Pursuant to the employment agreements with each of Messrs. Wodzicki, Carmichael, Beck and Ms. Ngo and the Corporation, the Corporation may terminate the applicable employment agreement for disability, whereupon the Corporation will pay the applicable executive for 12 months commencing from the date of termination, an amount equal to the salary at the rate being paid at the time of termination (less any severance payments or disability benefits) and all the stock options held by the executive, as applicable, will vest immediately and be exercisable until the earlier of the expiry date or 12 months from the date of termination.

Pursuant to the applicable employment agreement and the Services Agreement, if a severance payment triggering event had occurred on December 31, 2016, the severance payments that would be payable to Messrs. Wodzicki, Carmichael, Beck Vitaller and Ms. Ngo would have been as follows:

Name and Position	Termination by the Corporation for any reason other than "Cause" and unrelated to "Change of Control" of the Corporation (estimated) (\$)	Termination by the Corporation without "Cause" after a "Change of Control" of the Corporation (estimated) (\$)
Wojtek Wodzicki President & CEO	531,000 <sup>(1)</sup>	531,000
Robert Carmichael VP Exploration	242,000 <sup>(2)</sup>	242,000
James Beck Director, Corporate Development	46,500 <sup>(3)</sup>	46,500 <sup>(3)</sup>
Alfredo Vitaller General Manager, South American Operations	N/A <sup>(4)</sup>	N/A <sup>(4)</sup>
Joyce Ngo CFO	62,500 <sup>(5)</sup>	125,000 <sup>(5)</sup>

Notes:

- (1) Approximately \$354,000 in the case of disability less any severance payments or disability benefits.
- (2) Approximately \$242,000 in the case of disability less any severance payments or disability benefits.
- (3) Approximately \$186,000 in the case of disability less any severance payments or disability benefits.
- (4) As applicable, under Argentine labour laws in effect, as amended from time to time.
- (5) Approximately \$150,000 in the case of disability less any severance payments or disability benefits.

Mr. See ceased to act as CFO prior to December 31, 2016. Under the terms of his consulting contract, he is not entitled to any amounts on termination or a change of control.

### **DIRECTOR COMPENSATION**

The objectives of the compensation program for directors are to attract, retain and inspire performance of members of the Board of a quality and nature that will enhance the Corporation's growth. The compensation is intended to provide an appropriate level of remuneration considering the experience, responsibilities, time requirements and accountability of directors. The philosophy, and market comparisons and review with respect to director compensation, is the same as for executive compensation. See "Compensation Discussion and Analysis" above. The Compensation Committee reviews director compensation annually.

#### ***Director Compensation Table***

Effective May 2012, the Compensation Committee recommended, and the Board approved, the payment of a fee per annum to the non-executive directors of the Corporation and for serving as a committee chair. Each non-executive director is paid a retainer of \$15,000 per year, an additional amount of up to \$5,000 per year for the Chairman of the Audit Committee, and an additional amount of up to \$1,000 per year for the Chairman of each of the Compensation Committee and the Corporate Governance and Nominating Committee.

The following table sets forth all amounts of compensation provided to directors, other than NEOs, during the Corporation's most recently completed financial year:

Name	Fees Earned (\$) <sup>(1)</sup>	Share-based awards (\$)	Option-based Awards <sup>(2)</sup> (\$)	Pension value (\$)	All Other Compensation (\$)	Total (\$)
Lukas H. Lundin	15,000	Nil	33,415	Nil	Nil	48,415
William A. Rand	21,000 <sup>(3)</sup>	Nil	33,415	Nil	Nil	48,415
Paul K. Conibear <sup>(4)</sup>	12,921	Nil	33,415	Nil	Nil	48,415
David F. Mullen	16,000 <sup>(5)</sup>	Nil	33,415	Nil	Nil	48,415
Cheri Pedersen <sup>(6)</sup>	2,079	Nil	Nil	Nil	Nil	2,079
Jack Lundin <sup>(6)</sup>	2,079	Nil	Nil	Nil	Nil	2,079

Notes:

- (1) Non-employee directors are paid an annual retainer of \$15,000. The annual retainer fee is prorated to reflect the term of directorship for new and former directors of the Corporation.
- (2) The Corporation used the Black-Scholes option pricing model for determining the fair value of stock options issued at grant date. See "Summary Compensation Table" for the assumptions underlying the Black-Scholes option pricing model. These amounts do not represent actual amounts received by the directors as any gain, if any, will depend on the market value of the Common Shares on the date that the option is exercised.
- (3) Fees include an additional \$6,000 in fees for serving as the Chair of the Audit Committee and the Chair of the Compensation Committee.
- (4) Mr. Paul Conibear resigned as a director on November 10, 2016.
- (5) Fees include an additional \$1,000 in fees for serving as the Chair of the Corporate Governance and Nominating Committee.
- (6) Ms. Cheri Pedersen and Mr. Jack Lundin were appointed to the Board on November 10, 2016.

Subsequent to December 31, 2016, and effective as of the fiscal year 2017, the Compensation Committee recommended, and the Board approved an increase in the annual fees per annum paid to the non-executive directors of the Corporation and for serving as Board Chair, Lead Director and Corporate Governance and Nominating Committee Chair. Effective as of the fiscal year 2017, each non-executive director is paid an Annual Retainer of \$25,000 per year for serving as a director. In addition, the Board Chair is paid an additional retainer of \$25,000 per year; the Lead Director is paid an additional retainer of \$10,000 per year; and the Chair of the Corporate Governance and Nominating Committee is paid an additional retainer of \$1,000 per year. The Lead Director, who also currently acts as the Chair of the Compensation and Audit committees of the board, does not receive any additional retainer in his capacity as Chair of the Compensation Committee or in his capacity as Chair of the Audit Committee.

**Outstanding Option-Based Awards**

The following table sets forth for each director all awards outstanding at the end of the most recently completed financial year, including awards granted before the most recently completed financial year. As at December 31, 2016, all of these option-based awards have vested. The Corporation does not grant any share-based awards.

Name	Option-Based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)
Lukas H. Lundin	150,000	0.61	Feb. 24, 2019	88,500
	200,000	0.89	May 11, 2018	62,000
	150,000	1.80	May 7, 2017	Nil
William A. Rand	150,000	0.61	Feb. 24, 2019	88,500
	200,000	0.89	May 11, 2018	62,000
	150,000	1.80	May 7, 2017	Nil
David F. Mullen	150,000	0.61	Feb. 24, 2019	88,500
	200,000	0.89	May 11, 2018	62,000
	150,000	1.80	May 7, 2017	Nil
Paul Conibear <sup>(2)</sup>	150,000	0.61	Nov. 10, 2017	88,500
	200,000	0.89	Nov.10, 2017	62,000
	150,000	1.80	May 7, 2017	Nil
Cheri Pedersen <sup>(3)</sup>	Nil	Nil	Nil	Nil
Jack Lundin <sup>(3)</sup>	Nil	Nil	Nil	Nil

Notes:

- (1) Calculated using the closing price of the Common Shares on the TSX on December 31, 2016 of \$1.20 and subtracting the exercise price of in-the-money stock options. These stock options have not been, and may never be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (2) Mr. Paul Conibear resigned as a director on November 10, 2016.
- (3) Ms. Cheri Pedersen and Mr. Jack Lundin, who were appointed to the Board of Directors on November 10, 2016, did not hold any options as at the end of the most recently completed financial year.

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

The following table sets forth, for each director, other than those who are also NEOs of the Corporation, the value of all incentive plan awards vested during the year ended December 31, 2016. The Corporation does not grant any other share-based awards.

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Lukas H. Lundin	144,000	N/A	N/A
William A. Rand	144,000	N/A	N/A
David F. Mullen	144,000	N/A	N/A
Paul Conibear	144,000	N/A	N/A
Cheri Pedersen	N/A	N/A	N/A
Jack Lundin	N/A	N/A	N/A

Notes:

- (1) Calculated using the closing price of the Common Shares on the TSX on the dates on which stock options vested during the financial year ended December 31, 2016, and subtracting the exercise price of in-the-money stock options.
- (2) Mr. Paul Conibear resigned as a director on November 10, 2016.
- (3) Ms. Cheri Pedersen and Mr. Jack Lundin, who were appointed to the Board of Directors on November 10, 2016, did not hold any options as at the end of the most recently completed financial year.

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

At no time during the Corporation's last completed financial year or as of May 5, 2017 was any director, executive officer, employee, proposed management nominee for election as a director of the Corporation, nor any associate of any such director, executive officer or proposed management nominee of the Corporation, or any former director, executive officer or employee of the Corporation or any of its subsidiaries, indebted to the Corporation or any of its subsidiaries, or indebted to another entity where such indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation has purchased and maintains liability insurance for its directors and officers acting in their respective capacities in an aggregate amount of CDN\$20 million, against liabilities incurred by such persons as directors and officers of the Corporation and its subsidiaries, except where the liability relates to such person's failure to act honestly and in good faith with a view to the best interests of the Corporation. The annual premium paid by the Corporation for this insurance in respect of the directors and officers as a group is approximately CDN\$65,195. No premium for this insurance is paid by the individual directors and officers. The insurance contract underlying this insurance does not expose the Corporation to any liability in addition to the payment of the required premium.

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

### ***Equity Compensation Plan Information***

The following table provides information regarding compensation plans under which securities of the Corporation are authorized for issuance to directors, officers, employees and consultants in effect as of the end of the Corporation's most recently completed fiscal year end:

**Equity Compensation Plan Information**

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders	6,375,000	\$1.08	14,972,396
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	6,375,000	\$1.08	14,972,396

The Corporation's Share Option Plan was adopted by the Board on August 12, 2008 and approved by the Corporation's Shareholders on September 15, 2008. On May 11, 2011, the Board approved certain amendments of a "housekeeping" nature to the Share Option Plan which amendments were approved by the TSX on June 29, 2011. On June 13, 2011, the Shareholders approved the Share Option Plan, as amended. On April 11, 2014 and May 5, 2014, the Board approved certain amendments to the Share Option Plan which amendments were approved by the TSX on June 27, 2014. On June 12, 2014, the Shareholders approved the Share Option Plan, as amended. On May 8, 2017, the Board approved certain amendments of a "housekeeping" nature to the Share option Plan, which amendments have been conditionally approved by the TSX. The following summary provides details regarding the Share Option Plan, as amended. There are certain amendments proposed for approval by the Shareholders at the Meeting. See "Particulars of Matters to be Acted Upon – Approval of Amendments to Share Option Plan". This summary does not include any such amendments. The Share Option Plan is in the form of a rolling stock option plan reserving an aggregate of 10% of the issued and outstanding Common Shares of the Corporation for issuance upon the exercise of options granted thereunder and provides, among other things, that: (i) the aggregate number of Common Shares reserved for issuance to insiders pursuant to the Share Option Plan and all other security-based compensation arrangements shall not exceed 10% of the total number of Common Shares then outstanding; (ii) the aggregate number of Common Shares issued to insiders pursuant to the exercise of options, within a one-year period, pursuant to the Share Option Plan and all other security-based compensation arrangements shall not exceed 10% of the total number of Common Shares then outstanding; (iii) the aggregate number of options granted to any one person within a

12 month period, shall not exceed 5% of the total number of Common Shares then outstanding; and (iv) option grants in any one fiscal year to all non-employee directors shall not exceed 1% of the outstanding Common Shares at that time.

The Share Option Plan authorizes the Board, or a committee appointed for such purposes, to grant options to purchase Common Shares to Eligible Persons, to determine the terms, including the limitations, restrictions and conditions, if any, upon such grants, to interpret the Share Option Plan and to adopt, amend and rescind such administrative guidelines and other rules relating to the Share Option Plan as it may from time to time deem advisable, subject to required prior approval by any applicable regulatory authority, and without further Shareholder approval. The Board will establish the exercise price of an option at the time each option is granted provided that such price shall not be less than the closing price of the Common Shares on the TSX (or, if such Common Shares are not then listed and posted for trading on the TSX, on such other stock exchange on which the Common Shares are listed and posted for trading as may be selected by the Board) on the last business day immediately preceding the date of grant of such option. If there is no trading on that date, the exercise price shall not be less than the weighted average of the bid and ask prices on the five consecutive trading days preceding the date of the grant.

The term of options granted under the Share Option Plan shall not exceed 10 years from the date of grant. Vesting under the Share Option Plan is at the discretion of the Board. In the event that any option expires during, or within 48 hours after, a self imposed blackout period on trading securities of the Corporation, such expiry date will become the tenth day following the end of the blackout period. All options granted under the Share Option Plan are not transferable other than by will or the laws of dissent and distribution.

If an optionee ceases to be an Eligible Person for any reason whatsoever other than for cause or death, each option held by such optionee will cease to be exercisable 30 days following the termination date (being the date on which such optionee ceases to be an Eligible Person), or such longer period as determined by the Board. If an Eligible Person is dismissed with cause, each option held by such optionee shall cease to be exercisable immediately upon the optionee being given notice of termination. If an optionee dies, the legal representatives of the optionee may exercise the options held by the optionee within a period after the date of the optionee's death as determined by the Board, for greater certainty such determination may be made at any time subsequent to the date of grant of the options, provided that no option shall remain outstanding for any period which exceeds the earlier of (i) the expiry date of such option; and (ii) 12 months following the date of death of the participant, but only to the extent the options were by their terms exercisable on the date of death.

Subject to the requisite Shareholder and regulatory approvals set forth under subparagraphs (a) and (b) below, the Board may from time to time amend or revise the terms of the Share Option Plan or may discontinue the Share Option Plan at any time provided however that no such right may, without the consent of the optionee, in any manner adversely affect his rights under any option theretofore granted under the Share Option Plan.

- (a) The Board may, subject to receipt of requisite Shareholder and regulatory approval, make the following amendments to the Share Option Plan or any options granted thereunder:
  - (i) any amendment to increase the number of securities issuable under the Share Option Plan, including, if applicable, an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by Shareholders will not require additional Shareholder approval;
  - (ii) any amendment to the insider participation limits in Section 1.4 of the Share Option Plan which result in the security holder approval to be required on a disinterested basis;
  - (iii) any amendment to increase the director participation limits in Section 1.4(d) of the Share Option Plan;
  - (iv) any change to the definition of Eligible Person which would have the potential of broadening or increasing insider participation;
  - (v) the addition of any form of financial assistance;
  - (vi) any amendment to a financial assistance provision which is more favourable to participants;
  - (vii) any addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Share Option Plan reserve;
  - (viii) the addition of a deferred or restricted share unit or any other provision which results in participants

- receiving securities while no cash consideration is received by the Corporation;
- (ix) any amendment to Section 3.5 of the Share Option Plan relating to the amending provisions of the Share Option Plan;
  - (x) any amendment to Section 3.2 of the Share Option Plan that would permit Options to be assigned or transferred, other than for normal estate settlement purposes;
  - (xi) any amendment to the exercise price of any option issued under the Share Option Plan where such amendment reduces the exercise price of such option (for this purpose, a cancellation or termination of an option of a participant prior to its expiry for the purpose of re-issuing options to the same participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an option);
  - (xii) any amendment of the Share Option Plan that would permit an extension beyond the original expiry date of outstanding options;
  - (xiii) a discontinuance of the Share Option Plan; and
  - (xiv) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities or may provide additional benefits to eligible participants, especially insiders of the Corporation, at the expense of the Corporation and its existing Shareholders.
- (b) The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion and without further Shareholder approval, make the following amendments to the Share Option Plan or any option granted and the option agreement that are not of the type contemplated in subparagraph (a) above including:
- (i) a change to the vesting provisions of an option or the Share Option Plan;
  - (ii) any amendments to Section 2.2 of the Share Option Plan relating to the exercise of options;
  - (iii) a change to the termination provisions of an option or the Share Option Plan which do not entail an extension beyond the original expiry date;
  - (iii) to the definitions set out in Article 1 (other than the definition of "Eligible Person" noted above) of the Share Option Plan;
  - (iv) make amendments of an administrative nature, including but not limited to Section 1.2 of the Share Option Plan relating to the administration of the Share Option Plan;
  - (v) add or modify a cashless exercise feature providing for payment in cash or securities upon the exercise of options;
  - (vi) make any amendments required to comply with applicable laws or the requirements of the TSX or any regulatory body or stock exchange with jurisdiction over the Corporation;
  - (vii) to the change of control provisions provided for in Section 2.8 of the Share Option Plan. For greater certainty, any change made to Section 2.8 shall not allow participants to be treated any more favourably than other holders of Common Shares with respect to the consideration that the participants would be entitled to receive for their Common Shares upon a change of control; and
  - (viii) any change fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules of the TSX, including amendments of a "clerical" or "housekeeping" nature and amendments to ensure that the options granted under the Share Option Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Eligible Person may from time to time be resident or a citizen.
- (c) Notwithstanding the provisions of subparagraph (b) above, the Corporation shall additionally obtain requisite shareholder approval in respect of amendment to the Share Option Plan that is contemplated pursuant to subparagraph (b) to the extent such approval is required by any applicable laws or regulations.

There are no stock appreciation rights (SAR) associated with options granted under the Share Option Plan and there is no provision under the Share Option Plan to transform stock options into stock appreciation rights. The Share Option Plan must

be approved and ratified by the Shareholders of the Corporation every three years.

The Corporation does not provide any financial assistance to participants in order to facilitate the purchase of Common Shares under the Share Option Plan.

As at the date of this Information Circular, there are options to purchase 8,340,000 Common Shares of the Corporation outstanding (3.91% of the issued and outstanding Common Shares) and 13,007,396 Common Shares are available for future option awards (6.09% of the issued and outstanding Common Shares.)

#### **DISCLOSURE OF CORPORATE GOVERNANCE PRACTICE**

National Instrument 58-101, Disclosure of Corporate Governance Practices (“**NI 58-101**”) requires reporting issuers to disclose the corporate governance practices, on an annual basis, that they have adopted. Attached as Appendix “1” to this Information Circular is the disclosure required by NI 58-101 which has been prepared by the Corporate Governance and Nominating Committee and approved by the Board.

The Board recognizes the importance of corporate governance to the effective management of the Corporation and to the protection of its employees and Shareholders. The Corporation’s approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Corporation are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Corporation’s affairs and in light of opportunities or risks which may arise.

The Corporation’s corporate governance practices have been, and continue to be, in compliance with applicable Canadian requirements. The Corporation continues to monitor developments in Canada with a view to further revising its governance policies and practices, as appropriate.

#### **Differences regarding Swedish Corporate Governance Code**

The Nasdaq Stockholm exchange in Sweden has a set of rules of corporate governance as set forth in the Swedish Corporate Governance Code (the “Swedish Code”). NGEx has a secondary listing on the Nasdaq Stockholm exchange, however, as its primary exchange is the TSX, it follows the Corporate Governance rules applicable to a TSX listed Company under Canadian securities laws (“Canadian Corporate Governance Rules”). There are differences between shareholder rights in Sweden, including the Swedish Code requirements, and Canadian Corporate Governance Rules. A description of the key differences is posted on NGEx’s website.

#### **MANAGEMENT CONTRACTS**

The management functions of the Corporation are performed by the directors and officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted, except as set forth below.

Pursuant to the Services Agreement, the Corporation has a cost sharing arrangement with Filo Mining by way of providing key management personnel services to the Corporation. Under the terms of the Services Agreement, Filo Mining provides executive management and personnel services to the Corporation, while the Corporation provides financial management and administrative services to Filo Mining.

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

Other than as set out below and in this Information Circular, and other than transactions carried out in the ordinary course of business of the Corporation, none of the directors or executive officers of the Corporation, a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation, nor any Shareholder beneficially owning, directly or indirectly, Common Shares, or exercising control or direction over Common Shares, or a combination of both, carrying more than 10% of the voting rights attached to the outstanding Common Shares nor an associate or affiliate of any of the foregoing persons has since January 1, 2016 (being the commencement of the Corporation’s last completed financial year) any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Corporation or any of its subsidiaries.

## **OTHER BUSINESS**

Pursuant to the CBCA, proposals intended to be presented by Shareholders for action at the Meeting must comply with the provisions of the CBCA and be deposited at the Corporation's head office not later than February 5, 2017 in order to be included in this Information Circular and form of proxy relating to such Meeting.

Other than the matters referred to in the Notice of Meeting, Management is not aware of any other matters to come before the Meeting. However, if any other matters which are not now known to Management should properly come before the Meeting, the Common Shares represented by proxies in favour of Management nominees will be voted on such matters as the proxy nominee sees fit.

## **ADDITIONAL INFORMATION**

The Corporation's AIF, annual audited consolidated financial statements and annual management's discussion and analysis ("**MD&A**") for the most recently completed financial year as well as other prescribed documents are available on SEDAR at [www.sedar.com](http://www.sedar.com). The Corporation has also established and maintains a corporate website at [www.ngexresources.com](http://www.ngexresources.com) that includes, among other things, an investor section containing the most recent AIF, the most recent and past annual and quarterly financial statements and related MD&A and press releases. The Corporation will provide, without charge to a shareholder, a copy of its most recent AIF and any document incorporated therein by reference, its annual financial statements and annual MD&A for the period ended December 31, 2016, interim financial statements for subsequent periods, and this Information Circular upon request to the Corporation as follows:

E-mail: [ngexresources@namdo.com](mailto:ngexresources@namdo.com)  
Telephone: 604-689-7842  
Mail: NGEx Resources Inc.  
Suite 2000 - 885 West Georgia Street  
Vancouver, BC V6C 3E8  
Attn: Investor Relations

## **DIRECTORS' APPROVAL**

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

DATED at Vancouver, British Columbia the 8<sup>th</sup> day of May, 2017.

BY ORDER OF THE BOARD

*/s/ "Wojtek Wodzicki"*

Wojtek Wodzicki

President, Chief Executive Officer and Director

**APPENDIX 1**  
**CORPORATE GOVERNANCE DISCLOSURE**

The following is the disclosure required under National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”).

Required Disclosure of Corporate Governance Practices	Response
<b>1. Board of Directors</b>	
(a) Disclose the identity of directors who are independent.	The Corporation’s Board of Directors (the “ <b>Board</b> ”) is currently comprised of six directors; namely, Messrs. Lukas H. Lundin, William A. Rand, David F. Mullen, Jack O.A. Lundin, Cheri L. Pedersen and Wojtek A. Wodzicki. With the assistance of the Corporate Governance and Nominating Committee, the Board has considered the relationship to the Corporation of each of the directors and has determined that five of the six directors; namely, Messrs. Lukas Lundin, William Rand, David Mullen, Jack Lundin and Cheri Pedersen are independent for the purposes of Board membership.
(b) Disclose the identity of directors who are not independent and describe the basis for that determination.	The non-independent director of the Board is Wojtek A. Wodzicki. Mr. Wodzicki is not considered to be independent as he is President and Chief Executive Officer of the Corporation.
(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.	A majority of the directors of the Corporation are independent.
(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Certain of the directors of the Corporation are directors and/or officers of other reporting issuers (see Schedule A to this Appendix 1 for details).
(e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	The Board has functioned, and is of the view that it can continue to function, independently of management, as required. The Board and its committees meet independent of management where needed, but do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. In addition to the standing committees of the Board, independent committees are appointed from time to time, when appropriate. At each meeting of the Board a determination is made as to whether an in-camera session, without management and non-independent directors present, is required.

<p>(f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.</p>	<p>The Board has appointed Mr. William A. Rand, an independent director, as lead director. The lead director presides over meetings of the directors. The role of the lead director is to act as an effective leader of the Board, to ensure that the Board's agenda will enable it to successfully carry out its duties, and to provide leadership for the Board's independent directors. The Board has established a formal position description for the lead director which includes acting as liaison between the Board and management to ensure that relationships between the Board and management are conducted in a professional and constructive manner. This involves working with the President and CEO to ensure that the conduct of Board meetings provides adequate time for serious discussion of relevant issues and that the Corporation is building a healthy governance culture.</p>
<p>(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>See Schedule B to this Appendix 1 for details.</p>
<p>2. <b>Board Mandate</b> – Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.</p>	<p>A copy of the Board's written mandate, which sets out the responsibilities and duties of the directors, is attached as Schedule C to this Appendix 1.</p>
<p>3. <b>Position Descriptions</b></p>	
<p>(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.</p>	<p>The Board has developed written position descriptions for the chair and the chair of each Board committee, as well as for the lead director.</p>
<p>(b) Disclose whether or not the board and the CEO have developed a written description for the CEO. If the board and the CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.</p>	<p>The Board and the CEO have developed a written position description for the President and CEO.</p>
<p>4. <b>Orientation and Continuing Education</b></p>	
<p>(a) Briefly describe what measures the board takes to orient new directors regarding: the role of the board, its committees and its directors; and the nature and operation of the issuer's business.</p>	<p>The Corporate Governance and Nominating Committee is responsible for ensuring that new directors are provided with an orientation package that includes, among other things, information about the duties and obligations of directors (including a copy of the Board Manual, which contains the Board's current mandate, committee charters and corporate policies), the business and operations of the Corporation and documents from recent Board meetings. Directors have full access to officers and employees of the Corporation and may arrange meetings either directly or through the President and CEO. Management provides briefings to directors with respect to the business and operations of the Corporation at every scheduled Board meeting.</p>

<p>(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.</p>	<p>All directors are expected to pursue educational opportunities as appropriate to enable them to perform their duties as directors. The Corporation will make available appropriate funding to directors to attend seminars or conferences relevant to their position as directors of the Corporation. Included in the Corporate Governance and Nomination Committee mandate is the requirement to develop, with the assistance of management, an orientation and education program for new recruits to the Board, where necessary. The Corporation's outside legal counsel also provides directors and senior officers with summary updates of any developments relating to the duties and responsibilities of directors and officers and corporate governance matters.</p>
<p><b>5. Ethical Business Conduct</b></p>	
<p>(a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:</p>	<p>The Board has adopted a written Code of Business Conduct and Ethics (the "<b>Code</b>") for directors, officers and employees of the Corporation and its subsidiaries.</p>
<p>(i) disclose how a person or company may obtain a copy of the code;</p>	<p>The Code is available on the Corporation's website and has been filed on and is accessible through SEDAR at <a href="http://www.sedar.com">www.sedar.com</a>.</p>
<p>(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</p>	<p>Directors, officers or employees who have concerns or questions about violations of laws, rules or regulations, or of the Code, are required to report them to the Corporate Secretary or to the chair of the Corporation's Audit Committee. Following receipt of any complaints, the Corporate Secretary or chair of the Audit Committee, as the case may be, will investigate each matter so reported and report to the Audit Committee. The Board is ultimately responsible, acting through the Audit Committee, for the Code and monitoring compliance with the Code. The Corporation encourages all directors, officers and employees to report promptly any suspected violation of the Code to the Corporate Secretary or chair of the Audit Committee.</p>
<p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>	<p>The Board has not granted any waiver of the Code in favour of a director or NEO during 2016 and, accordingly, no material change report has been required.</p>
<p>(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>The Code addresses such matters as conflicts of interest. In accordance with the Code, any situation that presents an actual or potential conflict between a director's personal interests and the interests of the Corporation must be reported to the chair of the Corporation's Audit Committee. In addition to the requirements of the Code, directors are required to comply with the relevant provisions of the CBCA regarding conflicts of interests. Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transactions. A thorough discussion of the documentation related to a material transaction is required for review by the Board, particularly independent directors.</p>

<p>(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Audit Committee has also established a Policy and Procedures for the Receipt, Retention and Treatment of Complaints Regarding Accounting or Auditing Matters (the “<b>Whistleblower Policy</b>”) to encourage employees, officers and directors to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment. In addition to the general complaint procedure set out in 5(a) (ii) above, under the Whistleblower Policy, a confidential complaint regarding a questionable accounting or auditing matter may be forwarded directly to the chair of the Audit Committee.</p> <p>On December 20, 2013, as amended March 24, 2014 and February 19, 2016, the Board also adopted an Investment Policy to establish guidelines for the management of cash balances for the operations of the Corporation and its subsidiaries based on the risk levels approved by the Board.</p>
<p><b>6. Nomination of Directors</b></p>	
<p>(a) Describe the process by which the board identifies new candidates for board nomination.</p>	<p>The Board has established a Corporate Governance and Nominating Committee, which has the primary responsibility for identifying prospective Board members. The Corporate Governance and Nominating Committee coordinates the search for qualified candidates with input from management and other Board members, giving careful consideration to the competencies and skills that the Board as a whole should possess, and the skills and experience of existing Board members. Other factors are considered which may include the ability of the individual candidate to contribute on an overall basis, the ability of the individual to contribute sufficient time and resources to the Board, as well as the individual’s direct experience with public companies in general and mining companies, in particular. The Corporate Governance and Nominating Committee will recommend a nominee and seek full Board endorsement of the selected candidate.</p>
<p>(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.</p>	<p>The Corporate Governance and Nominating Committee is comprised of three directors, all of whom are independent.</p>
<p>(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>	<p>The Corporate Governance and Nominating Committee has the primary responsibility for identifying prospective Board members, to establish criteria for Board committee membership, to recommend composition of the Board and its committees and, as circumstances arise, assess directors’ performance. (See “Other Board Committees” for a full description of the responsibilities and operation of the Corporate Governance and Nominating Committee.)</p> <p>The Board has adopted a policy regarding majority voting for the election of directors. The policy is described under “Election of Directors” on pages 8 and 9.</p>
<p><b>7. Compensation</b></p>	

(a) Describe the process by which the board determines the compensation for the issuer's directors and officers.	Reference is made to the disclosure contained in the Information Circular to which this Appendix 1 is attached under the section entitled "Compensation Discussion and Analysis".
(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	The Compensation Committee is comprised of three directors, all of whom are independent. For more information regarding the roles, responsibilities and process by which the Board determines compensation for the Corporation's directors and officers see the Information Circular to which this Appendix 1 is attached under the section entitled "Compensation Discussion and Analysis".
(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	Reference is made to the disclosure contained in the Information Circular to which this Appendix 1 is attached under the heading "Role of the Compensation Committee" in the section entitled "Compensation Disclosure and Analysis".
8. <b>Other Board Committees</b> – If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	<p>In addition to the Audit Committee and the Compensation Committee, the Board has established the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is comprised of three directors, all of whom are independent.</p> <p>The Corporate Governance and Nominating Committee is responsible for developing and monitoring the Corporation's approach to corporate governance issues and has primary responsibility for identifying prospective Board members. The Corporate Governance and Nominating Committee, among other things, oversees the effective functioning of the Board and oversees the relationship between the Board and management. The Corporate Governance and Nominating Committee has been mandated to annually review and make recommendations to the Board with respect to: (i) the size and composition of the Board; (ii) the appropriateness of the committees of the Board; and (iii) the contribution of individual directors. The Corporate Governance and Nominating Committee is required to meet at least annually and to report to the Board following its meetings. The Corporate Governance and Nominating Committee has the authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.</p>

<p>9. <b>Assessments</b> – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</p>	<p>The Corporate Governance and Nominating Committee is responsible for reviewing director performance and the appropriate skills and characteristics required of Board members in the context of the current make up of the Board and identifying any perceived needs on an annual basis. The Corporate Governance and Nominating Committee prepares and delivers an annual Board Effectiveness Assessment questionnaire to each member of the Board for completion. The questionnaire is divided into four parts dealing with board responsibility, board operations, board effectiveness and individual assessment. The Corporate Governance and Nominating Committee reviews and considers the responses received and makes a final report, with recommendations, if any, to the Board.</p>
<p>10. <b>Director Term Limits and Other Mechanisms of Board Renewal</b> - Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so</p>	<p>The Corporation has not adopted term limits for the directors on its Board or other mechanisms of Board renewal at this time. Term limits are not considered necessary, as the Board believes it has adopted sufficient practices and mechanisms for renewal. In particular, the Board has appointed a Corporate Governance and Nominating Committee comprised solely of independent directors in order to assess Board renewal and skill requirements, and to identify potential Board candidates. In addition, this Committee completes annual Board and individual assessments, and provides directors with ongoing education initiatives. The Board believes that the perspective of longer services directors with industry experience is of benefit to the Board. The continuity of board experience has also assisted the Board in making investment decision with a long-term focus. In addition, management believes that the experience and diversity of the current Board would be very difficult to replicate and there is no reason to make any changes at this time. Please see the response to 11(a) below for additional detail.</p>

<p>11. <b>Policies Regarding the Representation of Women on the Board –</b></p> <p>(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.</p> <p>(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:</p> <p>(i) a short summary of its objectives and key provisions,</p> <p>(ii) the measures taken to ensure that the policy has been effectively implemented,</p> <p>(iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and</p> <p>(iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.</p>	<p>(a) The Corporation adopted a written policy, board and executive officers gender diversity policy (the “<b>Diversity Policy</b>”) on May 7, 2015 which includes provisions relating to the identification and nomination of women to the Board and in senior officer positions. Along with the adoption of the Diversity Policy, the Board also adopted the guidelines by which the Corporate Governance and Nominating Committee considers the composition of the Board and evaluates candidates to include a commitment for the Corporate Governance and Nominating Committee to consider qualified female candidates for nomination to the Board.</p> <p>(b) The Diversity Policy is intended to set out a framework to promote gender diversity on the Corporation’s Board and in executive officer positions of the Corporation and its major subsidiaries (“<b>Executive Officers</b>”). The Corporate Governance and Nominating Committee is responsible for identifying individuals qualified to become new Board members and makes recommendations to the Board the director nominees for election based on the “Guidelines for the Composition of NGEx’s Board” approved by the Board. These Guidelines shall include a commitment for the Corporate Governance and Nominating Committee to actively seek out highly qualified women to include in the pool from which Board nominees are evaluated and chosen. The Executive Officers of the Corporation are appointed by the Board and the Executive Officers of the Corporation’s major subsidiaries are appointed by the board of the applicable major subsidiary. Management of the Corporation shall, as part of the hiring process of Executive Officers, actively seek out women, having the necessary skills, knowledge and experience, to evaluate as potential candidates. The ultimate decision by Management to recommend a candidate for appointment as an Executive Officer shall be made on merit and the contribution the candidate can bring to the position. The Board and Corporate Governance and Nominating Committee will put it on the agenda annually to assess the effectiveness and consider qualified candidates and/or qualified candidates that have been identified and the Board will receive an annual report from the Corporate Governance and Nominating Committee with respect to the policy.</p>
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<p>12. <b>Consideration of the Representation of Women in the Director Identification and Selection Process</b> - Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.</p>	<p>When considering the Board as a whole and assessing directors' candidacy for the Board, the Corporate Governance and Nominating Committee follows its guidelines for the Board's composition. The Board also considers its Diversity Policy and its "Guidelines for the Composition of the Corporation's Board", and seeks directors that have some or all of the following attributes:</p> <ul style="list-style-type: none"> <li>● Financial accreditation and/or financial literacy</li> <li>● Sound business experience and expertise</li> <li>● Corporate governance experience</li> <li>● Industry specific experience and knowledge, such as mining, environment and safety and occupational health</li> <li>● Experience in corporate operations</li> <li>● Financing and merger/acquisition experience</li> <li>● Candidacy consistent with the Diversity Policy and the targets set there under</li> <li>● Strong board skills, such as integrity, networking abilities, interpersonal skills, ability to think strategically and act independently</li> <li>● Independence, as such term is defined by the Canadian Securities Administrators.</li> </ul>
<p>13. <b>Consideration Given to the Representation of Women in Executive Officer Appointments</b> - Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.</p>	<p>Pursuant to the Diversity Policy, management of the Company shall, as part of the hiring process of Executive Officers, actively seek out women, having the necessary skills, knowledge and experience, to evaluate as potential candidates as part of its standard recruitment process. The ultimate decision by management to recommend a candidate for appointment as an Executive Officer shall be made on merit and the contribution the candidate can bring to the position.</p>

<p>14. <b>Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions –</b></p> <p>(a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.</p> <p>(b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.</p> <p>(c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.</p> <p>(d) If the issuer has adopted a target referred to in either (b) or (c), disclose:</p> <p>(i) the target, and</p> <p>(ii) the annual and cumulative progress of the issuer in achieving the target.</p>	<p>The Corporate Governance and Nominating Committee will discuss targets (i.e. setting a number or percentage (or range) of women on the Board and women in Executive Officer positions by a certain date) with limitations, given the current limited size of the Corporation, the Board and the number of Executive Officers for promoting diversity and shall make recommendations for the consideration and approval of the Board.</p> <p>Each year, the Corporate Governance and Nominating Committee is required to measure and report to the Board as to the Corporation's annual and cumulative progress in achieving targets for representation of women within the Corporation. Due to the current limited size of the Corporation, the Board and the number of Executive Officers, the Board does not consider it necessary to set measurable objectives for achieving gender diversity, but will consider diversity generally in its recruitment and appointment of directors and Executive Officers. Should it be considered appropriate for the Corporation in the future due to a sufficient increase in the size of the organization, targets and objectives will be set, as appropriate.</p>
<p>15. <b>Number of Women on the Board and in Executive Officer Positions –</b></p> <p>(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.</p> <p>(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.</p>	<p>There is currently one female director on the Corporation's Board of Directors (17%).</p> <p>There is currently one female Executive Officer of the Corporation (33%).</p> <p>There are currently no female Executive Officers of the Corporation's major subsidiaries (0%).</p>

### SCHEDULE A – BOARD OF DIRECTORS - OTHER DIRECTORSHIPS

The following directors of the Corporation also serve as directors of the following reporting issuers or reporting issuer equivalent(s):

Name of Director	Reporting Issuer(s) or Equivalent(s)
Lukas H. Lundin	Filo Mining Corp. (TSX-V/NASDAQ First North); Lundin Mining Corporation (TSX/NASDAQ Stockholm); Lucara Diamond Corp. (TSX/NASDAQ Stockholm/Botswana); Lundin Gold Inc. (TSX/NASDAQ Stockholm); Denison Mines Corp. (TSX/NYSE MKT); Lundin Petroleum AB (NASDAQ Stockholm); International Petroleum Corp.(TSX); Newmarket Gold Inc.(TSX)
William A. Rand	Denison Mines Corp. (TSX/NYSE MKT); New West Energy Services Inc. (TSX-V), Lundin Mining Corporation (TSX/NASDAQ Stockholm)
Dave Mullen	Parkit Enterprises Inc. (TSX-V)
Wojtek Wodzicki	Filo Mining Corp. (TSX-V/NASDAQ First North)

Legend:

TSX	=	Toronto Stock Exchange
TSX-V	=	TSX Venture Exchange
NYSE MKT	=	NYSE MKT LLC
BOTSWANA	=	Botswana Stock Exchange
NASDAQ Stockholm	=	NASDAQ Stockholm AB
NASDAQ First North	=	NASDAQ First North Exchange

## SCHEDULE B – BOARD AND COMMITTEE MEETINGS ATTENDANCE

The Board meets a minimum of four times per year. Typically, each committee of the Board meets at least once a year with the exception of the Audit Committee which meets a minimum of four times per year.

The table below sets out the attendance of the directors at the Board and committee meetings held during the period from January 1, 2016 to December 31, 2016.

Directors	Board		Audit Committee		Compensation Committee		Corporate Governance and Nominating Committee	
	No. of meetings attended	Total No. of meetings <sup>(1)</sup>	No. of meetings attended	Total No. of meetings <sup>(1)</sup>	No. of meetings attended	Total No. of meetings <sup>(1)</sup>	No. of meetings attended	Total No. of meetings <sup>(1)</sup>
Lukas H. Lundin	6	6	N/A	N/A	2	2	N/A	N/A
Wojtek A. Wodzicki	6	6	N/A	N/A	N/A	N/A	N/A	N/A
William A. Rand	6	6	5	5	2	2	1	1
Paul K. Conibear <sup>(2)</sup>	6	6	5	5	2	2	1	1
David F. Mullen	6	6	5	5	N/A	N/A	1	1
Jack Lundin <sup>(3)</sup>	1	1	N/A	N/A	N/A	N/A	N/A	N/A
Cheri Pedersen <sup>(3)</sup>	1	1	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) Represents number of meetings the director was eligible to attend.
- (2) Mr. Paul Conibear resigned as a director on November 10, 2016.
- (3) Mr. Jack Lundin and Ms. Cheri Pedersen were appointed directors on November 10, 2016.

**SCHEDULE C - MANDATE FOR THE BOARD OF DIRECTORS**  
(as adopted by the Board on May 4, 2012 and ratified May 8, 2017)

The directors of the Corporation are elected by the Shareholders and are responsible for the stewardship of the business and affairs of the Corporation. The Board seeks to discharge this responsibility by reviewing, discussing and approving the Corporation's strategic planning and organizational structure and supervising management to oversee that the long-term operational and financial goals and organizational structure enhance and preserve the business of the Corporation and the underlying value of the Corporation.

**DUTIES OF DIRECTORS**

The Board discharges its responsibility for overseeing the management of the Corporation's business by delegating to the Corporation's senior officers the responsibility for day-to-day management of the Corporation. The Board discharges its responsibilities both directly and through its standing committees; namely, the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address issues of a more short-term nature. The Board's primary roles are overseeing corporate performance and providing quality, depth and continuity of management to meet the Corporation's strategic objectives. Other principal duties include, but are not limited to, the following categories:

**Appointment of Management**

1. The Board is responsible for approving the appointment of the Chief Executive Officer and other senior officers of the Corporation. The Compensation Committee is responsible for approving the compensation of the Chief Executive Officer and the other executive officers, senior management and key personnel of the Corporation.
2. The Board from time to time delegates to senior management the authority to enter into transactions, such as financial transactions, subject to specified limits. Investments and other expenditures above the specified limits, and material transactions outside the ordinary course of business are reviewed by and are subject to the prior approval of the Board.
3. The Board oversees that succession planning programs are in place, including the appointment and monitoring of senior management. The Board is responsible for approving succession plans for the Chief Executive Officer and the other officers of the Corporation.

**Board Organization**

4. The Board will respond to recommendations received from the Corporate Governance and Nominating Committee, but retains responsibility for managing its own affairs by giving its approval for its composition and size, the selection of the Chair of the Board, candidates nominated for election to the Board, committee appointments and committee mandates.
5. The Board may delegate to Board committees matters the Board is responsible for, including the approval of compensation matters relating to the Board, the conduct of performance evaluations and oversight of internal controls systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

**Strategic Planning**

6. The Board has oversight responsibility to participate directly, and through its committees, in developing, reviewing and approving the business objectives and goals of the Corporation.
7. The Board is responsible for reviewing the business, financial and strategic plans by which it is proposed that the Corporation may reach those goals.
8. The Board is responsible for providing input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops.
9. The Board will consider alternate strategies in response to possible change of control transactions or take-over bids with a view to maximizing value for Shareholders.

**Monitoring of Financial Performance and Other Financial Reporting Matters**

10. The Board is responsible for enhancing congruence between shareholder expectations, corporate objectives and management performance.
11. The Board is responsible for:
  - (a) monitoring the Corporation's progress toward its strategic and operational goals, and to revise its direction to management in light of changing circumstances affecting the Corporation; and

(b) taking action when Corporation performance falls short of its goals, or when other special circumstances warrant.

12. The Board is responsible for reviewing and approving the annual consolidated audited financial statements, the interim consolidated financial statements, and the notes and Management's Discussion and Analysis accompanying such financial statements, as well as the Corporation's Annual Information Form and Management Information Circular.

13. The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Corporation's governing statute, including the payment of dividends, the issuance, purchase and redemption of securities, acquisitions and dispositions of material assets and material expenditures.

#### **Risk Management**

14. The Board is responsible for the identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to effectively monitor and manage those risks with a view to the long-term viability of the Corporation and achieving a proper balance between the risks incurred and the potential return to the Corporation's Shareholders.

#### **Environmental Oversight**

15. The Board is responsible for ensuring the implementation of appropriate environmental stewardship and health and safety management systems, which are sufficient within the terms and practices of the mining industry, to ensure compliance with applicable laws.

#### **Policies and Procedures**

16. The Board is responsible for:

- (a) approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated; and
- (b) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and in accordance with ethical and moral standards.

17. The Board shall enforce its policy respecting confidential treatment of the Corporation's proprietary information and the confidentiality of Board deliberations.

#### **Communications and Reporting**

18. The Board will review from time to time as circumstances warrant the Corporation's corporate disclosure procedures to address communications with Shareholders, employees, financial analysts, governments and regulatory authorities, the media and the communities in which the business of the Corporation is conducted.

19. The Board is responsible for:

- (a) overseeing the accurate reporting of the financial performance of the Corporation to Shareholders, other security holders and regulators on a timely and regular basis;
- (b) overseeing that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
- (c) taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Corporation;
- (d) reporting annually to Shareholders on its stewardship for the preceding year; and
- (e) overseeing the Corporation's implementation of systems to accommodate feedback from Shareholders.

**APPENDIX 2  
AMENDED OPTION PLAN**



NGEX RESOURCES INC.  
(the "Corporation")

AMENDED SHARE OPTION PLAN

(Adopted by the Board on ~~May 8, 2017~~ August 12, 2008,  
as amended ~~May 11, 2011, April 11, 2014, and May 5, 2014~~)

ARTICLE 1

GENERAL

**1.1 Purpose**

The purpose of this Plan is to advance the interests of the Corporation by (i) providing Eligible Persons with additional incentive; (ii) encouraging stock ownership by Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Corporation; (iv) encouraging Eligible Persons to remain with the Corporation or its Affiliates; and (v) attracting ~~new individuals to become~~ employees, officers, ~~directors~~ Directors and Consultants to the Corporation or its Affiliates.

**1.2 Administration**

- (a) This Plan will be administered by the Board or a committee of the Board duly appointed for this purpose by the Board and consisting of not less than 3 ~~directors~~ Directors. If a committee is appointed for this purpose, all references to the term "Board" will be deemed to be references to the committee.
- (b) Subject to the limitations of this Plan, the Board has the authority: (i) to grant Options to purchase Shares to Eligible Persons; (ii) to determine the terms, including the limitations, restrictions and conditions, if any, upon such grants; (iii) to interpret this Plan and to adopt, amend and rescind such administrative guidelines and other rules relating to this Plan as it may from time to time deem advisable, subject to required prior approval by any applicable regulatory authority; and (iv) to make all other determinations and to take all other actions in connection with the implementation and administration of this Plan as it may deem necessary or advisable. The Board's guidelines, rules, interpretations and determinations will be conclusive and binding upon all parties.

**1.3 Interpretation**

For the purposes of this Plan, the following terms will have the following meanings unless otherwise defined elsewhere in this Plan:

- (a) "Affiliate" means an affiliate of the Corporation within the meaning of Section 1.3 of National Instrument 45-106 – Prospectus ~~and Registration~~ Exemptions, as may be amended or replaced from time to time;
- (b) "Affiliated Entity" means, a person or company that controls or is controlled by the Corporation or that is controlled by the same person or company that controls the Corporation;
- (c) "Associate" where used to indicate a relationship with any person or company, means:
  - (i) any company of which such person or company beneficially owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all

voting securities of the company for the time being outstanding; (ii) any partner of that person or company; (iii) any trust or estate in which such person or company has a substantial beneficial interest or as to which such person or company serves as trustee or in a similar capacity; (iv) any relative of that person who resides in the same home as that person; (v) any person who resides in the same home as that person and to whom that person is married or with whom that person is living in a conjugal relationship outside marriage; or (vi) any relative of a person mentioned in clause (v) who has the same home as that person;

(d) “Board” means the Board of Directors of the Corporation or any committee of the ~~board~~ Board of directors-Directors to which the duties of the ~~board-Board of directors-Directors~~ hereunder are delegated;

(e) “Change of Control” means the occurrence of any one or more of the following events:

(i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;

(ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Corporation and/or any of its Subsidiaries which have an aggregate book value greater than 50% of the book value of the assets, rights and properties of the Corporation and its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a majority-owned subsidiary of the Corporation in the course of a reorganization of the assets of the Corporation and its subsidiaries;

(iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;

(iv) any person, entity or group of persons or entities acting jointly or in concert (an “Acquiror”) acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Corporation which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror (as such terms are defined in the *Securities Act* (~~[Ontario]~~)) to cast or to direct the casting of 40% or more of the votes attached to all of the Corporation’s outstanding Voting Securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors), unless a majority of the Board as constituted immediately prior to the time that such person, entity or group of persons or entities acting jointly or in concert becomes the Acquiror determines that the circumstances are such that a Change of Control should be deemed to not have occurred and any such determination shall be binding and conclusive for all purposes of the Plan;

(v) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its affiliates and another corporation or other entity, the nominees named in the most recent ~~Management~~

~~management information information Circular circular~~ of the Corporation for election to the Board shall not constitute a majority of the Board; or

- (vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing, “**Voting Securities**” means Shares and any other shares entitled to vote for the election of directors and shall include any security, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities;

- (f) “Consultant” means, in relation to a Corporation, an individual~~a person~~, (other than an employee, officer, or director of the Corporation) ~~or of an Affiliate~~ that:
- (i) is engaged to provide on an ongoing bona fide basis consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation~~any Affiliated Entity under a written contract with the Corporation or the Affiliated Entity, other than services provided in relation to a distribution;~~
  - (ii) provides the services under a written contract between the Corporation or the Affiliate and the individual or the Corporation, as the case may be;
  - ~~(ii)~~(iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliated Entity~~Affiliate of the Corporation;~~ and
  - ~~(iii)~~(iv) who otherwise qualifies as a “consultant” under section 2.22 of National Instrument 45-106;
- (g) “Corporation” means NGEEx Resources Inc. and includes any successor thereto;
- (h) “Director” means any individual holding the office of director of the Corporation or a director, senior officer or Management Company Employee of the Corporation or a subsidiary;
- (i) “Eligible Person” means, subject to the terms hereof and to all applicable law, any ~~employee~~Employee, officer, ~~director~~Director, or Consultant of (i) the Corporation or (ii) any Affiliated Entity;
- (j) “Employee” means any individual regularly employed on a full-time or part-time basis by the Corporation or Affiliate.
- (k) “Exercise Price” means the price at which an Option may be exercised as determined in accordance with Section 2.3;
- ~~(j)~~(l) “Holding Company” means a holding company wholly owned and controlled by an Eligible Person;
- ~~(k)~~(m) “Insider” means a “reporting insider” as defined in National Instrument 55-104 - Insider Reporting Requirements and Exemptions; means: (i) an insider as defined in the Securities Act (Ontario) other than a person who is an Insider solely by virtue of being a

~~director or senior officer of a Subsidiary of the Corporation; and (ii) an Associate of any person who is an insider by virtue of (i);~~

(n) “Non-Employee-Director” means any Director of the Corporation or its Affiliates that is not an Employee of the Corporation or its Affiliates;

~~(o)~~ (o) “Option” means a right granted to an Eligible Person to purchase Shares pursuant to the terms of this Plan;

~~(p)~~ (p) “Optionee” shall mean a Participant to whom an Option has been granted under the terms of the Plan or who holds an Option that is otherwise subject to the terms of the Plan;

~~(q)~~ (q) “Participant” means an Eligible Person to whom or to whose RRSP or to whose Holding Company an Option has been granted;

~~(r)~~ (r) “Plan” means this Share Option Plan of the Corporation, as it may be amended from time to time;

~~(s)~~ (s) “RRSP” means a registered retirement savings plan as defined in the Income Tax Act (Canada);

~~(t)~~ (t) “Shares” means the common shares in the capital of the Corporation;

~~(u)~~ (u) “~~Subsidiary~~ subsidiary” means a corporation which is a subsidiary of the Corporation as defined under the Securities Act (~~Ontario~~ British Columbia);

~~(v)~~ (v) “Termination” means: (i) in the case of an ~~employee~~ Employee, the termination of the employment of the ~~employee~~ Employee by the Corporation or an Affiliated Entity or cessation of employment of the ~~employee~~ Employee with the Corporation or an Affiliated Entity as a result of resignation; (ii) in the case of an officer or ~~director~~ Director, the removal or resignation of, or failure to re-elect or re-appoint the individual as an officer or ~~director~~ Director of the Corporation or an Affiliated Entity; and (iii) in the case of a Consultant, the termination of the services of a Consultant by the Corporation or an Affiliated Entity;

~~(w)~~ (w) “Termination Date” means the date on which a Participant ceases to be an Eligible Person due to the Termination of the Participant and shall not include any period of notice or payment in lieu of notice, severance or reasonable notice of termination, except to the extent required by minimum employment standards legislation, if applicable;

~~(x)~~ (x) “Transfer” includes any sale, exchange, assignment, gift, bequest, disposition, mortgage, charge, pledge, encumbrance, grant of security interest or other arrangement by which possession, legal title or beneficial ownership passes from one person to another, or to the same person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing; and

~~(y)~~ (y) “TSX” means the Toronto Stock Exchange, or such other stock exchange or quotation system on which the Shares are listed or quoted from time to time.

Words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine.

This Plan is to be governed by and interpreted in accordance with the laws of the Province of ~~Ontario~~ B.C.

## 1.4 Shares Reserved under the Share Option Plan

- (a) Subject to the approval of the TSX (as well as the approval of the shareholders of the Corporation of this Plan), Options may be granted in respect of authorized and unissued Shares provided that the maximum aggregate number of Shares which shall be reserved by the Corporation for issuance and which may be purchased upon the exercise of all Options granted under this Plan shall not exceed 10% of the issued and outstanding Shares. Any Shares subject to an Option which has been granted under the Plan and which have been cancelled or terminated in accordance with the terms of the Plan without having been exercised will again be available under the Plan. No fractional Shares may be purchased or issued under the Plan.
- (b) The aggregate number of Shares reserved for issuance to Insiders pursuant to the Plan and all other security-based compensation arrangements of the Corporation shall not exceed 10% of the total number of Shares then outstanding. The aggregate number of Shares issued to Insiders pursuant to the exercise of Options, within a ~~one-year~~ 12 month period, pursuant to the Plan and all other security-based compensation arrangements of the Corporation shall not exceed 10% of the total number of Shares then outstanding.
- (c) The aggregate number of Options granted ~~Shares issued~~ to any one person Insider and such Insider's Associates pursuant to the exercise of Options, within a 12 month ~~one-year~~ period, shall not exceed 5% of the total number of Shares then outstanding. ~~The aggregate number of Shares reserved for issuance to any one person pursuant to the grant of Options shall not exceed 5% of the total number of Shares then outstanding.~~
- (d) Option grants in any one fiscal year to all ~~non-management~~ Non-Employee directors Directors shall not exceed 1% of the outstanding Shares at that time.
- (a) For purposes of this Section 1.4, the number of Shares then outstanding shall mean the number of Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Option or the exercise of the applicable Option.
- (b) For greater certainty, any increase in the issued and outstanding Shares will result in an increase in the available number of the Shares issuable under the Plan, and exercises of Options will make new grants available under the Plan.

## ARTICLE 2

### OPTION GRANTS AND TERMS OF OPTIONS

#### 2.1 Grants

Subject to this Plan, the Board will have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set out in this Plan, applicable to the exercise of an Option, including, without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Shares acquired upon exercise of the Option, and the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Shares acquired upon exercise of an Option may be forfeited. An Eligible Person, an Eligible Person's RRSP and an Eligible Person's Holding Company may receive Options on more than one occasion under this Plan and may receive separate Options on any one occasion.

## 2.2 Exercise of Options

- (a) Options granted must be exercised no later than 10 years after the date of grant or such lesser period as the applicable grant may require. In the event that any Option expires during, or within 48 hours after, a self imposed blackout period on trading securities of the Corporation, such expiry date will become the tenth day following the end of the blackout period.
- (b) The Board may determine when any Option will become exercisable and may determine that the Option will be exercisable in instalments or pursuant to a vesting schedule.
- (c) No fractional Shares may be issued and the Board may determine the manner in which fractional Share value will be treated.
- (d) A minimum of 100 Shares must be purchased by a Participant upon exercise of Options at any one time, except where the remainder of Shares available for purchase pursuant to Options granted to such Participant totals less than 100.

## 2.3 Option Price

The Board will establish the exercise price of an Option at the time each Option is granted provided that such price shall not be less than the closing price of the Shares on the TSX (or, if such Shares are not then listed and posted for trading on the TSX, on such other stock exchange on which the Shares are listed and posted for trading as may be selected by the Board) on the last business day immediately preceding the date of grant of such Option. If there is no trading on that date, the exercise price shall not be less than the weighted average of the bid and ask prices on the five consecutive trading days preceding the date of the grant.

## 2.4 Grant to Participant's RRSP or Holding Company

Upon written notice from an Eligible Person, any Option that might otherwise be granted to that Eligible Person, will be granted, in whole or in part, to an RRSP or a Holding Company established by and for the sole benefit of the Eligible Person.

## 2.5 Termination or Death

- (a) In the event of the Termination of a Participant, by reason of dismissal without cause or voluntary termination by the Participant, each Option held by the Participant, the Participant's RRSP or the Participant's Holding Company will cease to be exercisable within a period of ~~30~~ 90 days after the Termination Date, or such longer period as determined by the Board. For greater certainty, such determination of a longer period may be made at any time subsequent to the date of grant of the Options and the Board may delegate authority to the Chief Executive Officer, the President and/or the Chief Financial Officer of the Corporation to make any determination with respect to the expiry or termination date of Options held by any departing Participant, provided, however, that the Board may not extend the period for exercise beyond the original expiry date of the Option. If any portion of an Option has not vested on the Termination Date, the Participant, the Participant's RRSP or the Participant's Holding Company may not, after the Termination Date, exercise such portion of the Option which has not vested, provided that the Board may determine at any time, including for greater certainty at any time subsequent to the date of grant of the Options, that such portion of the Option vests automatically or pursuant to a vesting schedule determined by the Board. The Board may delegate authority to the Chief Executive Officer, the President

and/or the Chief Financial Officer to make any determination with respect to vesting of Options or any portion thereof held by any departing Participant.

- (b) In the event a Participant is dismissed with just cause, each Option held by such Participant, the Participant's RRSP or the Participant's Holding Company shall cease to be exercisable immediately upon the ~~Participant being given notice of termination~~ Termination Date.
- (c) If a Participant dies, the legal representatives of the Participant may exercise the Options held by the Participant, the Participant's RRSP and the Participant's Holding Company within a period after the date of the Participant's death as determined by the Board, for greater certainty such determination may be made at any time subsequent to the date of grant of the Options, provided that no Option shall remain outstanding for any period which exceeds the earlier of (i) the expiry date of such Option; and (ii) 12 months following the date of death of the Participant, but only to the extent the Options were by their terms exercisable on the date of death. The Board may determine at any time, including for greater certainty at any time subsequent to the date of grant of the Options, that such portion of the Option vests automatically or pursuant to a vesting schedule determined by the Board. The Board may delegate authority to the Chief Executive Officer, the President and/or the Chief Financial Officer to make any determination with respect to the expiry or termination date of Options or vesting of Options or any portion thereof held by any deceased Participant. If the legal representative of a Participant who has died exercises the Option of the Participant or the Participant's RRSP or the Participant's Holding Company in accordance with the terms of this Plan, the Corporation will have no obligation to issue the Shares until evidence satisfactory to the Corporation has been provided by the legal representative that the legal representative is entitled to act on behalf of the Participant, the Participant's RRSP or the Participant's Holding Company to purchase the Shares under this Plan.

## 2.6 Option Agreements

Each Option must be confirmed, and will be governed, by an agreement or certificate (an “**Option Agreement**”) in the form of Schedule “A” (as the same may be amended from time to time by the Regulations) signed by the Corporation and the Participant or an RRSP of which the Participant is an annuitant or the Participant's Holding Company. Each Option Agreement shall, if the Participant is an Employee or a Consultant, contain a representation and warranty by the Corporation and such Participant that such Participant is a bona fide Employee or Consultant, as the case may be, of the Corporation or an Affiliate. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

## 2.7 Payment of Option Price

The exercise price of each Share purchased under an Option plus such amount as may be required by applicable legislation for statutory withholdings as set out more fully in Section 2.10 hereof must be paid in full to the Corporation and upon receipt of payment in full, but subject to the terms of this Plan, the number of Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable. Share certificates representing the number of Shares in respect of which the Option has been exercised will be issued only upon payment in full of the relevant exercise price and, if applicable, statutory withholdings to the Corporation.

## 2.8 Acceleration on Change of Control

In the event of a Change of Control, all Options outstanding shall be immediately exercisable, notwithstanding any determination of the Board pursuant to Section 2.2 hereof, if applicable. For greater certainty, upon a Change of Control, Participants shall not be treated any more favourably than holders of Shares with respect to the consideration that the Participants would be entitled to receive for the Shares issuable upon exercise of their Options.

If the Participant elects to exercise its Options following a Change of Control, the ~~Optionee~~ Participant shall be entitled to receive, and shall accept, in lieu of the number of Shares which he was entitled upon such exercise, the kind and amount of shares and other securities, property or cash which such holder would have been entitled to receive as a result of such Change of Control, on the effective date thereof, had the Participant~~Optionee~~ been the registered holder of the number of Shares to which the Participant~~Optionee~~ was entitled to purchase upon exercise of such Options.

## 2.9 Amendment of Option Terms

Subject to Section 3.5 hereof and the prior approval of any applicable regulatory authorities (as required) and the consent of the Participant affected thereby, and without further shareholder approval, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant the Option as so modified or amended, including without limitation, to change the date or dates as of which, or the price at which, an Option becomes exercisable.

## 2.10 Statutory Withholdings

The exercise of each Option granted under the Plan is subject to the condition that if at any time the Corporation determines, in its discretion, that the satisfaction of withholding tax or other source deductions is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that a Participant pay to the Corporation, in addition to and in the same manner as the exercise price for the Shares, such amount as the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option or, alternatively, the Corporation shall have the right in its discretion to satisfy any such liability for withholding or other required deduction by retaining any Shares acquired upon exercise of any Option and selling such Shares in the open market for and on behalf of the Optionee, or retaining any amount payable, to a Participant by the Corporation, whether or not such amounts are payable under the Plan.

# ARTICLE 3

## MISCELLANEOUS

### 3.1 Right to Terminate Options on Sale of Corporation

Notwithstanding any other provision of this Plan, if the Board at any time by resolution declares it advisable to do so in connection with any proposed sale or conveyance of all or substantially all of the property and assets of the Corporation or any proposed merger, consolidation, amalgamation or offer to acquire all of the outstanding Shares (collectively, the “**Proposed Transaction**”), the Corporation may give written notice to all Participants advising that their respective Options, including Options held by their RRSP’s or Holding Companies, may be exercised only within 30 days after the date of the notice and not thereafter, and that all rights of the Participants, their RRSP’s and Holding Companies under any Options not exercised will terminate at the expiration of the 30-day period, provided that the Proposed Transaction is completed within 180 days after the date of the notice. If the Proposed Transaction is not completed within the 180-day period, no right under any Option will be affected by the notice, except

that the Option may not be exercised between the date of expiration of the 30-day period and the day after the expiration of the 180-day period.

### **3.2 Prohibition on Transfer of Options**

Subject to Section 2.4, Options are personal to each Eligible Person. No Eligible Person or RRSP or Holding Company of an Eligible Person may deal with any Options or any interest in them or Transfer any Options now or hereafter held by the Eligible Person or RRSP or Holding Company. If a Participant's Holding Company ceases to be wholly owned and controlled by the Participant, such Participant will be deemed to have transferred any Options held by such Holding Company in violation of the Plan. A purported Transfer of any Options in violation of the Plan will not be valid, the Corporation will not issue any Share upon the attempted exercise of improperly transferred Options, and the Options will be forfeited and cancelled.

### **3.3 Capital Adjustments**

If there is any change in the outstanding Shares by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of shares, or other fundamental corporate change, the Board will make, subject to any prior approval required of relevant stock exchanges or other applicable regulatory authorities, if any, an appropriate substitution or adjustment in (i) the exercise price of any unexercised Options under this Plan; (ii) the number or kind of shares or other securities reserved for issuance pursuant to this Plan; and (iii) the number and kind of shares subject to unexercised Options theretofore granted under this Plan; provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional shares. In the event of the reorganization of the Corporation or the amalgamation or consolidation of the Corporation with another corporation, the Board may make such provision for the protection of the rights of Eligible Persons, Participants, their RRSP's and their Holding Companies as the Board in its discretion deems appropriate. The determination of the Board, as to any adjustment or as to there being no need for adjustment, will be final and binding on all parties.

### **3.4 Non-Exclusivity**

Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Eligible Person or Participant, subject to any required regulatory or shareholder approval.

### **3.5 Amendment and Termination**

Subject to the requisite shareholder and regulatory approvals set forth under subparagraphs 3.5(a) and (b) below, the Board may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time provided however that no such action may, without the consent of the Optionee, in any manner adversely affect the Optionee's rights under any Option theretofore granted under the Plan.

- (a) The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Plan or any Options granted thereunder:
  - (i) any amendment to increase the number of securities issuable under the Plan, including, if applicable, an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. ~~A change to a fixed maximum percentage which was previously approved by shareholders will not require additional shareholder approval;~~

- ~~(ii)~~ any amendment to remove or exceed the Insider participation limits in Section 1.4 ~~which result in the security holder approval to be required on a disinterested basis;~~
- ~~(ii)~~ any reduction to the exercise price of any Option issued under the Plan or cancellation and reissue of Options or other entitlements;
- ~~(iii)~~ any amendment that extends the term of Options behind the original expiry;
- ~~(iiiiv)~~ any amendment to eligible participants that may permit the introduction or reintroduction of Non-Employee Directors on a discretionary basis or that increases limits imposed on Non-Employee Director participation -increase the director participation limits in Section 1.4(d);
- ~~(iv)~~ any change to the definition of “Eligible Person” which would have the potential of broadening or increasing Insider participation;
- ~~(v)~~ the addition of any form of financial assistance;
- ~~(vi)~~ any amendment to a financial assistance provision which is more favourable to participants;
- ~~(vii)~~ any addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Plan reserve;
- ~~(viii)~~ the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Corporation;
- ~~(ixv)~~ any amendment to this Section 3.5 relating to the amending provisions of this Plan;
- ~~(xvi)~~ any amendment to Section 3.2 of this Plan that would permit Options to be assigned or transferred, other than for normal estate settlement purposes;
- ~~(xi)~~ any amendment to the exercise price of any Option issued under the Plan where such amendment reduces the exercise price of such Option (for this purpose, a cancellation or termination of an Option of a Participant prior to its expiry for the purpose of re-issuing Options to the same Participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an Option);
- ~~(xii)~~ any amendment of this Plan that would permit an extension beyond the original expiry date of outstanding Options;
- ~~(xiii)~~ any amendment to the amendment provisions in this Section 3.5;
- ~~(xivvii)~~ a discontinuance of the Plan; and
- ~~(xviii)~~ any other amendments that may lead to significant or unreasonable dilution in the Corporation’s outstanding securities or may provide additional benefits to eligible participants, especially insiders of the Corporation, at the expense of the Corporation and its existing shareholders.

- (b) The Board may, and without further shareholder approval, subject to receipt of requisite regulatory approval, where required, in its sole discretion make ~~all other~~ the following amendments to the Plan or any Option granted and the Option Agreement that are not of the type contemplated in subsection 3.5(a) above including:
- (i) a change to the vesting provisions of an Option or the Plan;
  - (ii) subject to Section 3.5 (a), any other amendments to Section 2.2 relating to the exercise of Options;
  - (iii) a change to the termination provisions of an Option or the Plan which does not entail an extension beyond the original expiry date;
  - (iv) to the definitions set out in Article 1 (other than the definition of “Eligible Person” ~~as provided for in Section 3.5(a)(iv) above~~);
  - (v) make amendments of an administrative nature, including but not limited to Section 1.2 relating to the administration of the Plan;
  - (vi) add or modify a cashless exercise feature providing for payment in cash or securities upon the exercise of Options;
  - (vii) make any amendments required to comply with applicable laws or the requirements of the TSX or any regulatory body or stock exchange with jurisdiction over the Corporation;
  - (viii) to the change of control provisions provided for in Section 2.8. For greater certainty, any change made to Section 2.8 shall not allow Participants to be treated any more favourably than other holders of Shares with respect to the consideration that the Participants would be entitled to receive for their Shares upon a Change of Control; and
  - (ix) any change fundamental or otherwise, not requiring shareholder approval under applicable laws or the rules of the Exchange, including amendments of a “clerical” or “housekeeping” nature and amendments to ensure that the Options granted under the Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Eligible Person may from time to time be resident or a citizen.
- (c) Notwithstanding the provisions of subsection 3.5(b), the Corporation shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to subsection 3.5(b), to the extent such approval is required by any applicable laws or regulations.

### **3.6 Compliance with Legislation**

The Board may postpone or adjust any exercise of any Option or the issue of any Shares pursuant to this Plan as the Board in its discretion may deem necessary in order to permit the Corporation to effect or maintain registration of this Plan or the Shares issuable pursuant thereto under the securities laws of any applicable jurisdiction, or to determine that the Shares and this Plan are exempt from such registration. The Corporation is not obligated by any provision of this Plan or any grant hereunder to sell or issue Shares in violation of any applicable law. In addition, if the Shares are listed on a stock

exchange, the Corporation will have no obligation to issue any Shares pursuant to this Plan unless the Shares have been duly listed, upon official notice of issuance, on a stock exchange on which the Shares are listed for trading.

### **3.7 Designation of Consultants--Liability**

To the maximum extent permitted by applicable law, no officer of the Corporation or member or former member of the Committee or of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any award granted under it. To the maximum extent permitted by applicable law and the Articles of Continuance and By-Laws of the Corporation and to the extent not covered by insurance, each employee of the Corporation and member or former member of the Committee or of the Board shall be indemnified and held harmless by the Corporation against any cost or expense (including reasonable fees of counsel reasonably acceptable to the Corporation) or liability (including any sum paid in settlement of a claim with the approval of the Corporation), and advanced amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted, arising out of any act or omission to act in connection with the Plan, except to the extent arising out of such officer's, member's or former member's own fraud or bad faith. Such indemnification shall be in addition to any rights of indemnification the employees, officers, directors or members or former officers, directors or members may have under applicable law or under the ~~Certificate of Incorporation~~ Articles or By-Laws of the Corporation or Affiliate. Notwithstanding anything else herein, this indemnification will not apply to the actions or determinations made by an individual with regard to awards granted to him or her under this Plan.}]

### **3.8 No Rights as Shareholder**

The holder of an Option shall not have any rights as a holder of Shares with respect to any of the Shares underlying an Option until such holder shall have exercised such Option in accordance with the terms of the Plan (including tendering payment in full of the exercise price in respect of which the Option is being exercised).

### **3.9 No Rights to Continued Employment**

Nothing in the Plan or any Option shall confer upon a Participant any right to continue in the employment or engagement of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate his employment or engagement at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment or engagement of any Participant beyond the date on which he would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the date on which his relationship with the Corporation or any Affiliate would otherwise be terminated pursuant to the provisions of any employment, consulting or other contract for services with the Corporation or any Affiliate.

### **3.10 Effective Date**

This Plan shall be effective on ~~September 15, 2008~~ June 15, 2017, as amended from time to time, subject to its approval by the shareholders of the Corporation and acceptance for filing by the TSX pursuant to section 1.4.

SCHEDULE "A"

NGEx RESOURCES INC. - -SHARE OPTION PLAN

OPTION AGREEMENT

[Date]

PERSONAL & CONFIDENTIAL

[Name]

[Address]

Dear [Name]:

This Option Agreement is entered into between NGEx Resources Inc. (the "Corporation") and the Optionee named above pursuant to the Corporation's Share Option Plan (the "Plan") and confirms that the Board has granted to you an option (the "Option") to purchase Common Shares (the "Shares") of the Corporation. This Option is granted on the basis set out in this option agreement, and is subject to the Plan, a copy of which is attached. This option agreement and the Plan are referred to collectively below as the "Option Documents". All capitalized terms not otherwise defined shall have the meaning attributed to them in the Plan.

The award date of the Option is: \_\_\_\_\_

The total number of Shares that you may purchase pursuant to this Option is: \_\_\_\_\_

The Option exercise price per Share is: \_\_\_\_\_

Your rights to purchase Shares pursuant to this Option will expire on \_\_\_\_\_, 20\_\_\_\_. (the "Expiry Date")

Your rights to purchase Shares will vest as follows:

- (i) ;
- (ii) ;
- (iii) ;
- (iv) .

Subject to earlier expiration in accordance with the Option Documents, your rights to purchase Shares pursuant to this Option will expire with respect to any vested portion at 5:00 p.m. on the Expiry Date.

This Option may be exercised in whole or in part in respect of vested Options at any time prior to the Expiry Date of the relevant Options by delivery of written notice to the Corporation's head office to the attention of the Corporate Secretary of the Corporation, specifying the number of Shares to be purchased, accompanied by payment by bank draft or certified cheque of the total purchase price of the

Shares plus such amount as may be required by applicable legislation for statutory withholdings. This Option may not be exercised in amounts of less than 100 Shares in the case of any one exercise unless that exercise would entirely exhaust the Option.

The Optionee authorizes and the Corporation shall have the right to deduct and to collect and withhold from the Optionee or its agent, as the case may be, any amounts required by applicable legislation to be withheld for any taxes or otherwise with respect to awards hereunder. The Optionee acknowledges that in accordance with Section 2.10 of the Plan, the Corporation shall have the right in its discretion to satisfy any such liability for withholding or other required deduction by retaining any Shares acquired upon exercise of any Option and selling such Shares in the open market for and on behalf of the Optionee, or retaining any amount payable, to a Participant by the Corporation, whether or not such amounts are payable under the Plan.

Nothing in the Option Documents will affect our right to terminate your services, responsibilities, duties and authority at any time for any reason whatsoever. Regardless of the reason for your termination, your Option rights will be restricted to those Option rights which have vested on or prior to your date of termination and, in any claim for wrongful dismissal or breach of contract, no consideration will be given to any Options that might have vested during an appropriate notice period or as a result of additional compensation you may receive in place of that notice period.

All decisions made by the Board of Directors with regard to any questions arising in connection with the Option Documents, whether of interpretation or otherwise, will be binding and conclusive on all parties.

This ~~option-Option agreement-Agreement~~ and the Option rights granted to you are personal and may not be sold, pledged, transferred or encumbered in any way.

This Option and the Shares issuable upon exercise of this Option may be subject to certain restrictive hold periods as prescribed by applicable securities legislation and the policies of the Toronto Stock Exchange, as may be in force from time to time.

If the Optionee is not a director, officer or employee of the Corporation, the Optionee and the Corporation represent and warrant to each other that the Optionee is a bona fide "Consultant" of the Corporation, which is defined as being, in relation to the Corporation, an individual (other than an employee, officer or director of the Corporation) or company that:

- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a distribution;
- (ii) provides the services under a written contract between the Corporation or the Affiliate and the individual or the Corporation, as the case may be;
- (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and
- (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.

The Corporation hereby certifies that the class of securities that is referenced in this Option is not registered under the United States Securities Exchange Act of 1934.

Note to reporting insiders: Please remember to comply with your reporting issuer requirements within the time prescribed by applicable securities legislation. Insider reports may only be filed electronically on the web-based system known as SEDI (www.sedi.ca). We anticipate that you will handle the filing of your own insider reports.

Please acknowledge acceptance of your Option rights on these terms by signing where indicated below on this letter and returning the signed copy to the Corporation to the attention of the Corporate Secretary. By signing and delivering a copy of this option agreement, you are acknowledging receipt of a copy of the Plan and are agreeing to be bound by all of the terms of the Option Documents.

Yours truly,

**NGEx RESOURCES INC.**

By: \_\_\_\_\_

I, \_\_\_\_\_, (the "Option Holder") have read the Option Documents and hereby acknowledge and agree to accept this Option and to be bound by the Option Documents this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Signature of Option Holder \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Witness: \_\_\_\_\_

Witness Name: \_\_\_\_\_  
(Printed)

**[Note: Letter to be revised if Options granted to RRSP or Holding Company.]**

