



**2018 ANNUAL  
GENERAL  
MEETING**

Notice of Annual General Meeting of Shareholders

Management Information Circular

**Place:**

Balmoral Resources Ltd.  
Main Boardroom  
Suite 1750-700 West Pender Street  
Vancouver, BC  
V6C 1G8

**Time:**

2:00 p.m. (Vancouver time)

**Date:**

June 22, 2018

BALMORAL RESOURCES LTD.

**CORPORATE DATA**

**Head Office**

Suite 1750 – 700 West Pender Street  
Vancouver, BC V6C 1G8

**Directors and Officers**

Darin Wagner, President & Chief Executive Officer, Director  
Daniel MacInnis, Director, Board Chair  
Lawrence Talbot, Director  
Graeme Currie, Director  
Bryan Disher, Director  
Peggy Wu, Chief Financial Officer  
Frances Petryshen, Corporate Secretary  
Richard Mann, Vice President, Exploration  
John Foulkes, Vice President, Corporate Development

**Registrar and Transfer Agent**

Computershare Investor Services Inc.  
510 Burrard Street, 3<sup>rd</sup> Floor,  
Vancouver BC V6C 3B9

**Legal Counsel (Canada)**

Gowling WLG (Canada) LLP  
2300 – 550 Burrard Street  
Vancouver BC V6C 2B5

**Legal Counsel (U.S.)**

Dorsey & Whitney LLP  
Columbia Center  
701 Fifth Avenue Suite 6100  
Seattle, WA 98104-7043

**Auditor**

Smythe LLP  
700 – 355 Burrard Street  
Vancouver BC V6C 2G8

**Listing**

Toronto Stock Exchange  
Symbol “BAR”

OTCQX  
Symbol “BALMF”

Borse Frankfurt Exchange  
Symbol “BOR”

## **BALMORAL RESOURCES LTD.**

Suite 1750 – 700 West Pender Street  
Vancouver, British Columbia, Canada V6C 1G8

### **NOTICE OF 2018 ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the 2018 annual general meeting (the “**Meeting**”) of the shareholders of **BALMORAL RESOURCES LTD.** (the “**Company**”) will be held in the Boardroom of the Company’s offices at Suite 1750 – 700 West Pender Street, Vancouver, British Columbia, on June 22<sup>nd</sup>, 2018 at the hour of **2:00 p.m. (Vancouver Time)** for the following purposes:

1. To receive the audited financial statements of the Company for the fiscal year ended December 31, 2017 (with comparative statements relating to the previous fiscal year), together with the report of the Auditors thereon;
2. To elect the directors of the Company for the ensuing year;
3. To re-appoint Smythe LLP, Chartered Professional Accountants, as auditors of the Company for the fiscal year ending December 31, 2018 and to authorize the directors to fix their remuneration; and
4. To transact such further or other business as may properly come before the meeting and any adjournment or adjournments thereof.

This year, as described in the notice and access notification mailed to the shareholders, the Company is using the notice and access model for delivering this Notice and the Information Circular to shareholders, which substantially reduces the paper used in printing this Notice and the Information Circular as well as printing and mailing costs. This Notice and the Information Circular will be available on the Company’s website at [www.balmoralresources.com](http://www.balmoralresources.com) and under the Company’s profile at [www.sedar.com](http://www.sedar.com) or by request made to the Company.

**Shareholders of the Company who are unable to attend the meeting in person are requested to complete, sign and date a Proxy/Voting Instruction Form and to mail it to or deposit it with Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1. In order to be valid and acted upon at the meeting, an executed Proxy/VIF must be received by Computershare prior to 4.30 p.m. (Vancouver Time) on June 20<sup>th</sup>, 2018. Proxies/VIF’s may not be delivered to the Chairman at the meeting.**

The Company has fixed the close of business on the 11th day of May, 2018 as the record date for the determination of shareholders who are entitled to receive notice of, and to vote at, the Meeting. The transfer books of the Company will not be closed. Only shareholders of the Company of record as at that date are entitled to receive notice of and to vote at the Meeting. The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is incorporated into this notice. Please advise the Company of any change in your address.

**DATED** at Vancouver, British Columbia, this 11<sup>th</sup> day of May, 2018.

BY ORDER OF THE BOARD

*(signed) “Darin Wagner”*  
Darin Wagner, CEO

## TABLE OF CONTENTS

	Page
REVOCABILITY OF PROXY .....	1
PERSONS MAKING THE SOLICITATION .....	1
NOTICE AND ACCESS PROCESS.....	2
NOTICE AND ACCESS.....	2
PROXY INSTRUCTIONS.....	3
NON-REGISTERED (BENEFICIAL) SHAREHOLDERS.....	3
INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON .....	5
VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SECURITIES .....	5
FINANCIAL STATEMENTS.....	5
ELECTION OF DIRECTORS .....	6
Election of Directors .....	6
Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions .....	8
EXECUTIVE COMPENSATION.....	9
Definitions.....	9
Compensation Discussion and Analysis.....	10
Performance Graph .....	15
Option Based Awards.....	16
Summary Compensation Table .....	16
Incentive Plan Awards.....	18
Pension Plan Benefits.....	18
Termination and Change of Control Benefits.....	19
Director Compensation.....	21
AUDIT COMMITTEE.....	23
STATEMENT OF CORPORATE GOVERNANCE PRACTICES .....	24
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS.....	24
Table of Equity Compensation Plan Information.....	24
2010 Incentive Stock Option Plan.....	24
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS.....	28
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	28
APPOINTMENT OF AUDITOR .....	28
MANAGEMENT CONTRACTS.....	28
ANY OTHER MATTERS.....	29
ADDITIONAL INFORMATION.....	29
SCHEDULE "A" - STATEMENT OF CORPORATE GOVERNANCE PRACTICES.....	A-1

## **BALMORAL RESOURCES LTD.**

Suite 1750 – 700 West Pender Street  
Vancouver, British Columbia  
Canada V6C 1G8  
Tel: 604-638-3664  
Fax: 604-648-8809

### **INFORMATION CIRCULAR**

**For the Annual General Meeting to be held on, June 22nd, 2018**  
(information is as at December 31, 2017, except as indicated)

This Information Circular (“**Information Circular**”) is dated May 11th, 2018 and is being furnished in connection with the solicitation of proxies by the management of **BALMORAL RESOURCES LTD.** (the “**Company**”) for use at the 2018 annual general meeting (the “**Meeting**”) of shareholders of the Company to be held at **2:00 p.m. (Vancouver Time) on June 22<sup>nd</sup>, 2018** at the place and for the purposes set forth in the accompanying Notice of Meeting.

### **REVOCABILITY OF PROXY**

In addition to revocation in any other manner permitted by law, you may revoke an executed and deposited proxy by (a) except to the extent otherwise noted on such later proxy, signing new proxy bearing a later date and depositing it at the place and within the time required for the deposit of proxies, (b) signing and dating a written notice of revocation (in the same manner as a proxy is required to be executed as set out in the notes to the proxy) and either depositing it at the place and within the time required for the deposit of proxies or with the Chairman of the Meeting on the day of the Meeting prior to the commencement of the Meeting, or (c) registering with the Scrutineer at the Meeting as a registered shareholder present in person and indicating you wish to revoke your deposited proxy, whereupon any proxy executed and deposited by such registered shareholder will be deemed to have been revoked.

Only registered shareholders have the right to revoke a proxy. If you are not a registered shareholder and you wish to change your vote you must, at least seven (7) days before the Meeting, arrange for the intermediary which holds your common shares without par value in the capital stock of the Company (“**Common Shares**”) to revoke the proxy given by them on your behalf.

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

### **PERSONS MAKING THE SOLICITATION**

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

The contents and the sending of this Information Circular have been approved by the directors of the Company.

## NOTICE AND ACCESS PROCESS

### NOTICE AND ACCESS

The Canadian Securities Administrators (the “CSA”) announced the adoption of amendments to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”) and National Instrument 51-102 *Continuous Disclosure Obligations* (“NI 51-102”) which became effective November 17, 2015.

The amendments allow reporting issuers to deliver Meeting Materials (as defined herein) to their shareholders by posting proxy-related materials over the internet via SEDAR and an alternative website using the notice and access model (“**Notice and Access**”). The amendments are designed to improve communications with shareholders, increase the efficiency of the proxy voting process and decrease the large volume of paper generated by printing proxy-related materials and reduce printing and postage costs.

The Company has elected to use the Notice and Access model for delivery of their Meeting Materials to all registered shareholders and non-registered shareholders. The Company will not use procedures known as 'stratification' in relation to the use of Notice-and-Access provisions, meaning that both registered and non-registered shareholders will be mailed a notification of availability of the Meeting Materials.

Although the Meeting Materials will be posted electronically, shareholders will receive paper copies of a notice and access notification form, a form of proxy or voting instruction form and an annual request form (the “**Notice Documents**”) to request copies of the Company’s financial statements for the 2018 fiscal year.

Shareholders may request paper copies of the Notice of Meeting and Information Circular (the “**Information Circular**”), (collectively, the “**Meeting Materials**”), by calling the toll-free number **1-877-838-3664**. Requests may be made up to one year from the date the Meeting Materials were filed on [www.sedar.com](http://www.sedar.com) (“**SEDAR**”).

Requests for paper copies should be received at least five (5) business days in advance of the proxy cut-off date set out in the proxy or voting instruction form in order to receive the Meeting Materials in advance of the date of the Meeting.

Requests for paper copies received on or after the Meeting date will be mailed within ten (10) calendar days of the request.

**SHAREHOLDERS ARE REMINDED TO VIEW THE MEETING MATERIALS PRIOR TO VOTING.**

### **PROXY INSTRUCTIONS**

The persons named in the accompanying proxy are current directors and/or officers of the Company. **If a shareholder wishes to appoint some other person (who need not be a shareholder) to represent that shareholder at the Meeting the shareholder may do so, either by striking out the printed names and inserting the desired person's name in the blank space provided in the proxy or by completing another proper proxy and in either case delivering the completed and executed proxy to the Company's transfer agent, Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2Y1, not later than 4:30 p.m., Vancouver time, on Wednesday, June 20<sup>th</sup>, 2018 or, with respect to any matter occurring after the reconvening of any adjournment of the Meeting, not less than one business day prior to the day set for the recommencement of such adjourned Meeting. Proxies delivered after such times will not be accepted. In particular, proxies may not be delivered to the Chairman at the Meeting.**

To be valid, the proxy must be dated and be signed by the shareholder or by a duly appointed attorney for such shareholder, or, if the shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer. If a proxy is signed by a person other than the registered shareholder, or by an officer of a registered corporate shareholder, the Chairman of the Meeting may require evidence of the authority of such person to sign before accepting such proxy.

**THE SHARES REPRESENTED BY PROXY WILL, ON A POLL, BE VOTED OR WITHHELD FROM VOTING BY THE PROXY HOLDER IN ACCORDANCE WITH THE INSTRUCTIONS OF THE PERSON APPOINTING THE PROXYHOLDER ON ANY BALLOT THAT MAY BE CALLED FOR AND, IF A CHOICE HAS BEEN SPECIFIED WITH RESPECT TO ANY MATTER TO BE ACTED UPON, THE SHARES WILL BE VOTED ACCORDINGLY.**

ON A POLL, IF A CHOICE WITH RESPECT TO SUCH MATTERS IS NOT SPECIFIED OR IF BOTH CHOICES HAVE BEEN SPECIFIED, THE PERSON APPOINTED PROXYHOLDER WILL VOTE THE SECURITIES REPRESENTED BY THE PROXY AS RECOMMENDED BY MANAGEMENT (WHICH, IN THE CASE OF THE MEETING, WILL BE IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY AND FOR THE NOMINEES OF MANAGEMENT FOR DIRECTORS AND AUDITORS).

The enclosed proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the person(s) appointed proxyholder(s) thereunder to vote with respect to any amendments or variations of matters identified in the Notice of Meeting and which may properly come before the Meeting. At the time of the printing of this Information Circular, management knows of no such amendment, variation or other matter which may be presented to the Meeting.

### **NON-REGISTERED (BENEFICIAL) SHAREHOLDERS**

The information set out in this section is important to many shareholders as a substantial number of shareholders do not hold their Common Shares in their own name.

**Only registered shareholders or duly appointed proxyholders for registered shareholders are permitted to vote at the Meeting. Most of the shareholders of the Company are "non-registered" shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares.**

More particularly, a person is not a registered shareholder in respect of Common Shares which are held on behalf of that person (the "**Non-Registered Holder**") but which are registered either (a) in the name of an

intermediary (the “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans), or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed the Notice Documents to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Notice Documents to Non-registered Holders unless a Non-Registered Holder has requested paper copies of the Meeting Materials (in which case the Intermediary will forward the Meeting Materials to the Non-registered Holder). Very often, Intermediaries will use service companies to forward the Notice Documents or Meeting Materials, as applicable, to Non-Registered Holders. Generally, if you are a Non-Registered Holder and you have not waived the right to receive the Notice Documents or Meeting Materials, as applicable, you will either:

- (a) be given a **form of proxy which has already been signed by the Intermediary** (typically by a facsimile, stamped signature) which is restricted to the number of Common Shares beneficially owned by you, but which is otherwise not complete. Because the Intermediary has already signed the proxy, this proxy is not required to be signed by you when submitting it. In this case, if you wish to submit a proxy you should otherwise properly complete the executed proxy provided and deposit it with the **Company’s Registrar and Transfer Agent, Computershare Investor Services Inc.**, as provided above; or
- (b) more typically, a Non-Registered Holder will be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “**proxy**”, “**proxy authorization form**” or “**voting instruction form**”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page printed form, the voting instruction form will consist of a regular printed proxy accompanied by a page of instructions that contains a removable label containing a bar-code and other information. In order for the proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the proxy, properly complete and sign the proxy **and return it to the Intermediary or its service company (not the Company or Computershare Investor Services Inc.)** in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares that they beneficially own. If you are a Non-Registered Holder and you wish to vote at the Meeting in person as proxyholder for the Common Shares owned by you, you should strike out the names of the management designated proxyholders named in the **proxy authorization form or voting instruction form and insert your name in the blank space provided. In either case, you should carefully follow the instructions of your Intermediary, including when and where the proxy, proxy authorization or voting instruction form is to be delivered.**

Non-Registered Holders fall into two categories - those who object to their identity being made known to the issuers of securities which they own (“**OBO’s**”) and those who do not object to their identity being made known to the issuers of securities which they own (“**NOBO’s**”). Subject to the provision of NI 54-101 issuers may request and obtain a list of their NOBO’s from the Intermediaries via their transfer agents. Pursuant to NI 54-101, issuers may obtain and use the NOBO list for distribution of proxy-related materials directly to such NOBO’s.

The Notice Documents or Meeting Materials, as applicable, are being sent to both registered shareholders and NOBO's. If you are a NOBO, and the Company or its agent has sent the Notice Documents or Meeting Materials, as applicable, 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 on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding 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 an OBO, you should be aware that the Company does not intend to pay for intermediaries to forward the Notice Documents or Meeting Materials, as applicable, to OBO's and therefore an OBO will not receive the Notice Documents or Meeting Materials, as applicable, unless the Intermediary for such OBO assumes the cost of delivery.

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

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

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

The authorized capital of the Company consists of an unlimited number of Common Shares. As at May 11th, 2018, **138,510,776** Common Shares were issued and outstanding. Each issued Common Share carries the right to one vote at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a registered shareholder or as a representative of one or more registered corporate shareholders will have one vote (regardless of how many shares such shareholder holds), and on a poll every shareholder present in person or represented by a valid proxy and every person who is a representative of one or more corporate shareholders will have one vote for each share registered in that shareholder's name on the list of shareholders, which is available for inspection during normal business hours at Computershare Investor Services Inc. and will be available at the Meeting. Shareholders represented by proxyholders are not entitled to vote on a show of hands.

Only shareholders of record on the close of business on **May 11<sup>th</sup>, 2018** (the "**Record Date**"), who either personally attend the Meeting or who complete and deliver a proxy in the manner and subject to the provisions set out under the heading "Proxy Instructions" will be entitled to have their Common Shares voted at the Meeting or any adjournment thereof.

To the knowledge of the Company's directors and officers, there are no persons or companies who beneficially own, directly or indirectly, or exercise control or discretion over, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares of the Company.

### **FINANCIAL STATEMENTS**

The audited financial statements of the Company for the fiscal year ended December 31, 2017, and the accompanying management discussion and analysis, were filed on SEDAR on March 22<sup>nd</sup>, 2018 and have been mailed to all shareholders who had requested them by returning the "Annual/Interim Financial Statements and MD&A Request Form" mailed by the Company as part of its 2018 annual general meeting materials. **If you wish to receive either or both of the annual audited financial statements and interim**

financial statements and accompanying MD&A for the 2018 fiscal year (which commenced on January 1, 2018), you must complete and return the “Annual/Interim Financial Statement and MD&A Request Form” accompanying the Notice Documents.

### ELECTION OF DIRECTORS

#### Election of Directors

There are presently five (5) directors of the Company and the directors have fixed the number of directors for the time being at five (5). It is therefore anticipated that there will be five (5) directors to be elected at the Meeting.

Each director is elected annually and holds office until the next annual meeting of shareholders, unless that person ceases to be a director before then. Accordingly, 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, in the absence of instructions to the contrary, the Common Shares represented by proxies will, on a poll, be voted in favour of the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a director.

Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the Business Corporations Act (British Columbia) (“BCBCA”).

The Company has adopted a majority voting policy with respect to the election of directors - see Schedule “A”, “Statement of Corporate Governance Practices - Majority Voting Policy” for details.

On January 18, 2013, the Board adopted an advance notice policy for nominations of directors by shareholders. See Schedule “A”, “Statement of Corporate Governance Practices – Advance Notice Policy” for details.

The following table sets out the names of management’s nominees for election as a director (a “proposed director”), their province/state and country of residence, the positions and offices which they presently hold, the length of time they have served as directors and the number of shares which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

Name, Province/State and Country of Residence and Other Positions, if any, held with the Company <sup>(1)</sup>	Date First Became a Director	Number of Shares Beneficially Owned Directly or Indirectly <sup>(1)</sup>
<b>Darin Wagner, M.Sc., P.Geo.</b> <sup>(5)</sup> Director, President & Chief Executive Officer British Columbia, Canada	April 26, 2010	3,207,124 <sup>(6)</sup>
<b>Lawrence Talbot, LLB.</b> <sup>(2)(3)(4)(5)</sup> Independent Director British Columbia, Canada	April 1, 2010	138,500 <sup>(7)</sup>
<b>Graeme Currie</b> <sup>(2)(3)(4)(5)</sup> Independent Director British Columbia, Canada	January 13, 2014	100,000 <sup>(8)</sup>
<b>Daniel MacInnis, B.Sc., P.Geo., Acc.Dir.</b> <sup>(2)(3)(4)(5)</sup> Non-Executive Chairman British Columbia, Canada	February 5, 2014	25,000

Name, Province/State and Country of Residence and Other Positions, if any, held with the Company <sup>(1)</sup>	Date First Became a Director	Number of Shares Beneficially Owned Directly or Indirectly <sup>(1)</sup>
<b>Bryan Disher, CPA., CA., ICD.D.</b> <sup>(2)(4)(5)</sup> Independent Director British Columbia, Canada	March 9, 2016	55,000

- (1) The foregoing information as to province/state and country of residence and number of shares held, not being within the knowledge of the Company, has been furnished by the respective nominees themselves.
- (2) Member of Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Corporate Governance and Nominating Committee
- (5) Member of the Sustainable Development Committee.
- (6) These shares are held 3,119,425 directly and 87,699 indirectly by Mr. Wagner's wife.
- (7) 118,500 of these shares are indirectly held by Pagurus Enterprises Inc., a private company of which Mr. Talbot is the sole director.
- (8) These shares are held indirectly by the wife of Mr. Currie

Unless otherwise stated; each of the below-named nominees has held the principal occupation or employment indicated for the past five years (information provided by the respective nominees):

**Darin Wagner** (Director, President and CEO) – Mr. Wagner is a Professional Geologist (Ont., B.C., Res. Permit Que.) and also serves as one of the Company's Qualified Persons. From June of 2006 until November of 2009 Mr. Wagner served as President, CEO, Director and Qualified Person for West Timmins Mining Inc. Since April of 2010, he has served in his current capacity with the Company. Mr. Wagner is currently a director of Palamina Corp. and VR Resources Ltd., and a founding and past Director of Falco Resources and NewCastle Gold Ltd. (now Equinox Gold Ltd.), all TSX.V listed natural resource companies

**Lawrence Talbot** (Director) – Mr. Talbot is a self-employed mining lawyer with over 30 years' experience representing a wide range of clients in the mining industry, from individual prospectors and junior and mid-size explorers and producers through to major mining companies, in both the hard-rock and industrial mineral fields. He has extensive experience acting for public natural resource companies and providing advice on all aspects of their businesses, including corporate finance, securities and regulatory matters, corporate governance and shareholder issues, and all aspects of corporate acquisitions, takeovers, divestitures and reorganizations. Mr. Talbot is currently a Director of Minaurum Gold Inc., since March 2011 and was the General Counsel of International Tower Hill Mines Ltd. from September 2006 to October 2017; and a Director of Pedro Resources Ltd., from January 2011 to March 2018. Director of Cardero Resource Corp., April, 2003 to September, 2012 and Avarone Metals Inc., January 2001 to February 6, 2014; and Vice-President and General Counsel of Corvus Gold Ltd., April 2010 to October, 2014, and Wealth Minerals Ltd. July, 2006 to January 2017, all public natural resource companies.

**Graeme Currie** (Director) – Mr. Currie previously served as Director, Investment Banking at Canaccord Genuity Limited where he concentrated specifically on the junior mining sector. He retired from Canaccord in August 2012. Prior to his role in investment banking, Mr. Currie was with Canaccord as a Senior Mining Analyst for over 22 years, focussing specifically on the junior mining sector. Mr. Currie brings to the Board over three decades of experience evaluating junior exploration and development companies worldwide and extensive knowledge of the capital markets as they relate to the mineral exploration and development industry. Mr. Currie is also a director and the Chair of Pure Gold Mining Inc. a public natural resource company since 2014. Director of Investment Banking, Canaccord Genuity until August 2012.

**Daniel MacInnis** (Director) – Mr. MacInnis retired as the President and CEO of MAG Silver Corp. in October, 2013, and remains a Director. During his tenure at MAG, he directed the financing of over \$140 million, and led one of the silver sector's most successful explorers through the discovery of the high-

grade Juanicipio/Valdecanas silver veins and the Upper Manto and Pegaso silver, lead and zinc mantos at Cinco de Mayo in Mexico. He was also a Director of MAX Resources Corp. from December, 2005 to December, 2015. Mr. MacInnis has 40 years' experience in mineral exploration worldwide. He has managed and directed multi-million dollar exploration programs for MAG Silver, Noranda Exploration, Battle Mountain Gold/Hemlo Gold, and Sargold Resources. Mr. MacInnis has extensive global experience in property acquisitions and joint venture, management and operation. A significant number of mineral discoveries have been made under his guidance, including gold and base metal deposits in the US, Canada and Mexico. Mr. MacInnis is a Registered Professional Geoscientist (P.Ge) and is a graduate of Saint Francis Xavier University with a BSc. in Geology and an Accredited Director (Acc.Dir.) Prior to joining the Board, Mr. MacInnis served as an advisor to the Company since its inception.

**Bryan Disher** (Director) – Bryan Disher (CPA, CA) (ICD.D) spent 38 years with PricewaterhouseCoopers in Canada, Australia and Ukraine. He was admitted to partnership in PwC Canada in 1991 and from 2011 until his retirement in June 2015 was a partner with PwC Central and Eastern Europe, where he served as both Managing Partner of its 400+ person Ukrainian practice and leader of its Ukrainian audit and assurance group. Mr. Disher worked in PwC's Mining and Metals practice in Canada and Ukraine, serving both privately held and Canadian and US listed companies. He served on PwC Canada's Partnership Board for 8 years, including a term as Chair of the Board. Mr. Disher is also a director and Chair of the Audit Committee of Lexington Biosciences, Inc., a developing stage medical device company operating within the healthcare industry, since 2016.

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

1. No proposed director is, as at the date of this Information Circular, or has been within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes hereof, the term “**order**” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) 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.

2. No proposed director:
  - (a) is, as at the date of this Information Circular, or has been within the ten years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while such person was acting in such 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

- (b) has, within ten years before the date of this information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or has a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

3. No proposed director 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 investor in deciding whether to vote for a proposed director.

In October of 2017 the Company and the Company's President and CEO reached a settlement agreement with the Ordre des Geologues du Quebec, a self-regulating body governing the practice of geology in the Province of Quebec, whereby the Company and the Company's President and CEO each plead guilty to two charges brought under the Code des Professions du Quebec pertaining to the use of certain Professional Geoscientists and Geologists in Training, who were registered in at least one jurisdiction in Canada, but who were not also registered in Québec, in preparation of certain reports submitted by the Company to the Government of Quebec for assessment purposes and signed by the Company's President and CEO.

## **EXECUTIVE COMPENSATION**

### **Definitions**

For the purpose of this Information Circular:

“**Board**” means the board of directors of the Company;

“**Chief Executive Officer**” or “**CEO**” means each individual who acted as chief executive officer or acted in a similar capacity for any part of the most recently completed financial year;

“**Chief Financial Officer**” or “**CFO**” means each individual who acted as chief financial officer or acted in a similar capacity for any part of the most recently completed financial year;

“**closing market price**” means the price at which the company's security was last sold, on the applicable date, in the security's principal marketplace in Canada;

“**equity incentive plan**” means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of *International Financial Reporting Standards 2 – Share-based Payment*, as amended from time to time;

“**executive officer**” means an individual who is:

- (a) a chair, vice-chair or president,
- (b) a vice-president in charge of a principal business unit, division or function including, exploration, mining, marketing or finance or
- (c) performing a policy-making function in respect of the Company;

“**long-term incentive plan**” or “**LTIP**” means a plan providing compensation intended to motivate performance over a period greater than one financial year. LTIPs do not include option or SAR plans or plans for compensation through shares or units that are subject to restrictions on resale;

“**Named Executive Officers**” or “**NEO’s**” means the following individuals:

- (a) each CEO;
- (b) each CFO;
- (c) each of the three most highly compensated executive officers of the Company, 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 and whose total compensation was, individually, more than \$150,000; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at December 31, 2017;

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

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

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

“**stock appreciation right**” means a right, granted by the Company or any of its subsidiaries as compensation for employment services or office to receive cash or an issue or transfer of securities based wholly or in part on changes in the trading price of the Company’s securities.

## **Compensation Discussion and Analysis**

### ***Compensation Committee***

The Board has established a Compensation Committee (“**CC**”), and has adopted a written charter for the CC, effective July 21, 2010. From October 3, 2014, the members of the CC have been Lawrence Talbot (Chair), Daniel MacInnis and Graeme Currie. All members of the CC are independent directors.

The current members of the CC, consisting of Messrs. Talbot, MacInnis and Currie, have over 50 years of combined experience, both in senior leadership positions as well as direct operational or functional experience overseeing executive compensation at organizations similar to the Company. Messrs. Talbot and MacInnis have each previously served on the compensation committee of similar-sized organizations, and the CC supports continuous training and education with respect to executive compensation. It is the opinion of the Board that the extensive experience held by members of the CC provides them with the ability to make sound and proper decisions on the suitability of the Company's compensation policies and practices.

There is no written position description for the Chair of the CC. However, as a general statement, the Chair is responsible for setting the tone for the work of the CC, ensuring that members have the information needed to do their jobs, overseeing the logistics of the CC's operations, reporting to the Board on the committee's decisions and recommendations and setting the agenda for the meetings of the CC.

The CC is responsible for assisting the Board in monitoring, reviewing and approving compensation policies and practices of the Company and administering the Company's 2010 incentive stock option plan (as amended in 2016) (the "**Plan**"). With regard to the CEO, the CC is responsible for reviewing and approving corporate goals and objectives relevant to the CEO's compensation, evaluating the CEO's performance in light of those goals and objectives and making recommendations to the Board with respect to the CEO's compensation level based on this evaluation. In consultation with the CEO, the CC makes recommendations to the Board on the framework of executive remuneration and its cost and on specific remuneration packages for each of the directors and officers other than the CEO, including recommendations regarding awards under equity compensation plans. The CC also reviews executive compensation disclosure before the Company publicly discloses the information. The CC's decisions are typically reflected in consent resolutions.

The CC has the authority to engage and compensate, at the expense of the Company, any outside advisor that it determines to be necessary to permit it to carry out its duties (including compensation consultants and advisers). The CC did not retain the services of any outside compensation consultants in the 2017 fiscal year.

### ***General Compensation Strategy***

The CC has not formally considered the implications of the risks associated with the Company's compensation policies and practices. The executive officers of the Company are compensated in a manner consistent with their respective contributions to the overall benefit of the Company, and in line with the criteria set out below. The CC aims to achieve a "pay for performance" philosophy, whereby a significant portion of annual compensation is "at risk" as being awarded by way of bonuses and incentive stock options.

Executive compensation is based on a combination of factors, including a comparative review of information provided to the CC by compensation consultants, recruitment agencies and auditors (if any) as well as historical precedent. In the view of the CC, the early stage of the Company's development does not lend itself to the formulation of specific objective performance guidelines for executive pay. Rather, it is appropriate for the members of the CC to rely upon their subjective assessment of the achievements of management, both absolutely and in relation to that of the Company's peers. In the case of a mineral exploration company such as the Company, the CC considers such things as:

- the ability to determine and carry out generative programs based on new geological theories or concepts in previously unexplored areas
- the ability to source and secure promising mineral properties of merit

- the ability to raise the necessary capital to explore such properties and maintain the Company's ongoing activities, including appropriately presenting information regarding the Company and its prospects to current and potential future investors and the marketplace in general;
- the ability to focus the Company's resources and to appropriately allocate such resources to the benefit of the Company as a whole
- the ability to ensure compliance by the Company with applicable regulatory requirements
- the ability to design, implement and efficiently and safely carry out programs of work on the Company's mineral projects sufficient to enable appropriate decisions to be made as to appropriate next steps
- the ability to maintain and foster a culture of safety throughout all of the Company's field and office locations
- the ability to carry on business in a sustainable manner
- the ability to manage the business of the Company in such a way as to outperform the Company's peers

to be of primary importance in assessing the performance of its executive officers. The CC does not anticipate at this time that it will use any specific metrics or identifiable objective measures of performance, such as increases in share price (although the relative performance of the Company's share price when compared with its peers is a subjective factor the CC considers), in order to fix compensation or determine compensation increases (if any). Rather, the CC will continue to use primarily a subjective approach, based on the combined industry experience and knowledge of the CC members, which relies on the assessment of the CC as to the relative success of the Company's executive officers in demonstrating the ability to perform in a manner consistent with the factors noted above, as well as the level of compensation thought necessary by the CC to attract and retain the personnel required to accomplish the Company's business plan.

The CC believes that the foregoing criteria are appropriate for use to assess the appropriate compensation level for the CEO and other executive officers employed by the Company, and that more objective measurements and specific performance metrics are difficult to effectively establish and use as the basis for executive compensation at this stage of the Company's development when it is fundamentally a junior exploration company.

The Company has not placed a restriction on the purchase by its NEO's or other employees of financial instruments (including prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or employee. To the Company's knowledge, none of the NEO's have purchased any such financial instruments.

### ***Executive Compensation Program***

#### **General**

The executive compensation program formulated by the CC is designed to encourage, compensate and reward senior management of the Company on the basis of individual and corporate performance, both in the short term and the long term, while at the same time being mindful of the responsibility that the Company has to its shareholders.

Salary reviews are generally carried out in December of each year (for the 2017 fiscal year, salary reviews were carried out in February 2018) for all positions and adjustments are effective February 1, 2018. There were no bonuses paid during the fiscal year 2017. The target maximum bonus percentages are specified in the employment agreements.

The members of the CC use their own experience and familiarity with the industry and the activities of companies within it to determine those companies that they believe are the peers to the Company in any particular year. The companies considered to be peers of the Company can vary from year-to-year, depending primarily upon the activities of companies in the industry, their respective projects and their exploration successes (or lack thereof).

Initial salaries for executive officers are set through negotiation when the executive officer joins the Company (with direct input from the CC) and are reflected in the employment agreement executed at that time. The compensation of such individuals is then subsequently reviewed each financial year to determine if adjustments are required for the coming year, and whether or not any bonus is appropriate in respect of the past year, as noted above.

The incentive portion of the compensation package, consisting primarily of the awarding of stock options and cash bonuses, is directly tied to the performance of both the individual and the Company, as subjectively assessed by the CC. Share ownership opportunities are provided to align the interests of senior management of the Company with the longer-term interests of the shareholders of the Company. Generally, the CC believes that incentive stock options should not be granted for longer than five years, except in exceptional circumstances. The CC does not view share appreciation rights, restricted stock units, securities purchase programs or long term incentive programs (other than incentive stock options) or pension plans as appropriate components of compensation programs for junior resource companies such as the Company. Accordingly, no such elements are included in the Company's compensation program.

In general, the CC considers that its compensation program should be relatively simple in concept and that its focus should be balanced between reasonable annual compensation and longer term compensation tied to performance of the Company as a whole (incentive compensation in the form of stock options and cash bonuses where warranted). The CC has not established a formal set of benchmarks or performance criteria to be met by the Company's NEO's, rather, the members of the CC use their own assessments of the success (or otherwise) of the Company, to determine, collectively, whether or not the NEO's are successfully achieving the Company business plan and strategy and whether they have over, or under, performed in that regard. The CC has not established any set or formal formula for determining NEO compensation, either as to the amount thereof or the specific mix of compensation elements.

#### Base Salaries

The level of the base salary for each employee of the Company, within a specified range, is determined by the level of responsibility and the importance of the position to the Company, within competitive industry ranges. The CC, in consultation with the CEO, makes recommendations to the Board regarding the base salaries and bonuses (if any) for senior management and employees of the Company other than the CEO. For 2017, the Company had ten (10) full-time employees. The CC is responsible for recommending the salary level of the CEO to the Board for approval (which must be by a vote of a majority of the independent directors). In general, the CC wishes to recognize significant or exceptional performance in a particular year through the grant of a cash bonus for that year, rather than a substantial increase in salary going forward.

## Bonuses

The CEO presents recommendations to the CC with respect to bonuses (if any) to be awarded to the members of senior management (including himself) and to the other employees of the Company (if any). The CC evaluates each member of senior management and the other employees of the Company in terms of their performance and the performance of the Company (utilizing the overall subjective assessment process described above, as opposed to any specific formula). The CC then makes a determination of the bonuses, if any, to be awarded to each member of senior management (including the CEO) and to the employees of the Company in respect of the current year (reflecting compensation for the performance during that year), and recommends such determination to the Board. During the first quarter of 2018, an aggregate of \$149,850 was paid to employees as bonuses and of that \$42,000 was paid to NEO's as bonuses related to the 2017 fiscal year, not including the CEO. The CC is considering whether to award any bonus to the CEO in respect to the 2017 fiscal year as part of the process of considering a revised employment contract for the CEO.

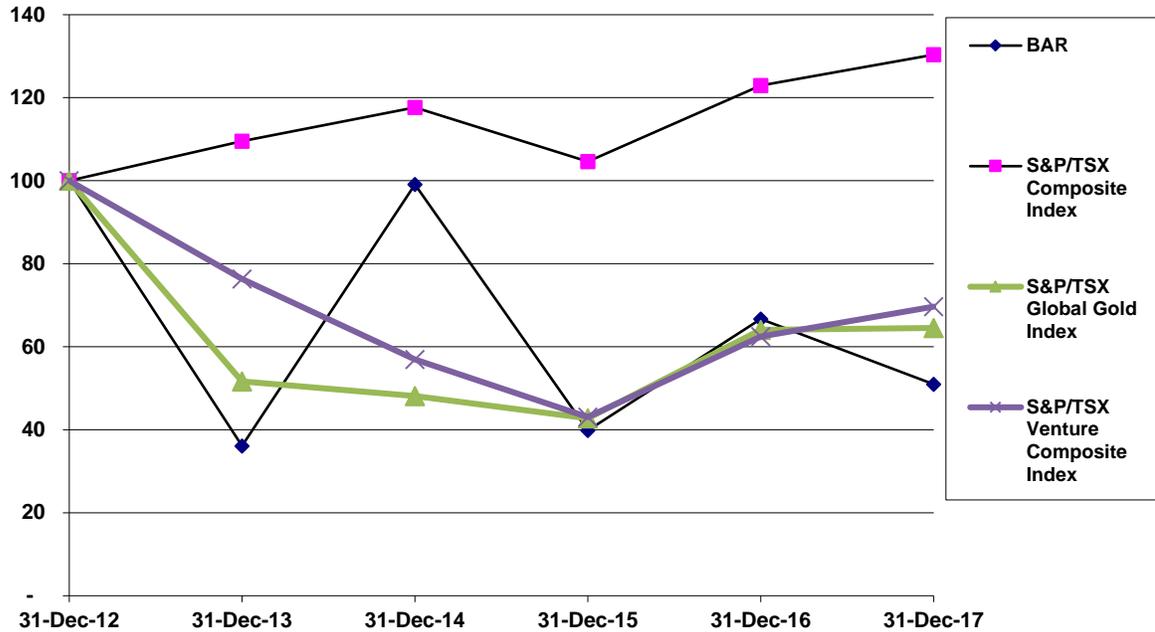
## 2010 Incentive Stock Option Plan

The Plan is administered by the CC, and is intended to advance the interests of the Company through the motivation, attraction and retention of key employees, officers and directors of the Company and subsidiaries of the Company and to secure for the Company and its shareholders the benefits inherent in the ownership of Common Shares of the Company by key employees, officers, directors and consultants of the Company and subsidiaries of the Company. In the view of the CC, the grant of incentive stock options is a fundamental and integral part of any compensation scheme for companies in the junior natural resource exploration space. Grants of options under the Plan are proposed/recommended by the CEO, (excluding himself) and reviewed by the CC. The CC can approve, modify or reject any proposed grants, in whole or in part. In general, the allocation of available options among the eligible participants in the Plan is on an ad hoc basis, and there is no set formula for allocating available options, nor is there any fixed benchmark or performance criteria to be achieved in order to receive an award of options. The timing of the grants of options is determined by the CC. In general, a higher level of responsibility will attract a larger grant of options. Because the number of options available is limited, in general, the CC aims to have individuals at the same levels of responsibility holding equivalent numbers of options, with additional grants being allocated for individuals who the CC believe are in a position to more directly affect the success or the Company through their efforts. The CC looks at the overall number of options held by an individual (including the exercise price and remaining term of existing options and whether any previously granted options have expired out of the money or were exercised) and takes such information into consideration when reviewing proposed new grants. After considering the CEO's recommendations and the foregoing factors, the resulting proposed option grant (if any) is then submitted to the Board for approval. The CC does not consider a theoretical value of an option (as calculated under Black-Scholes) to be in any way relevant in allocating option grants (since such theoretical value is irrelevant to any value that might one day be derived by the option holder through the exercise of the option), but rather focuses on the number of shares made subject to the option. Therefore, in granting options, the CC does not in any way try to award any particular notional "value" to the recipient. Please see "Securities Authorized for Issuance under Equity Compensation Plans", "2010 Incentive Stock Option Plan" for a summary of the Plan.

## ***Performance Graph***

The following chart compares the total cumulative shareholder return on \$100 invested in Common Shares on December 31, 2012 with the cumulative total returns of the S&P/TSX Composite Index, the S&P/TSX Global Gold Index and the S&P/TSX Venture Composite Index for the five most recently completed financial years.

**CUMULATIVE TOTAL SHAREHOLDER RETURNS  
BALMORAL RESOURCES VS INDICES**



	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014	Dec 31, 2015	Dec 31, 2016	Dec 31, 2017
<b>BAR</b>	100	36	99	40	67	51
<b>S&amp;P/TSX Composite Index</b>	100	110	118	105	123	130
<b>S&amp;P/TSX Global Gold Index</b>	100	52	48	43	64	64
<b>S&amp;P/TSX Venture Composite Index</b>	100	76	57	43	62	70

The CC believes that, as an exploration company involved in the gold and base metal sectors, the Company’s share price is primarily tied to its exploration success, the highly volatile appetite for risk, the sentiment in the junior resource space and the price of gold and base metals (the latter three factors being ones over which neither the Company nor any of its NEO’s has any influence) which are best reflected by the S&P/TSX Global Gold and S&P/TSX Venture Indices, whereas the S&P/TSX Index is dependent upon a multitude of factors and is in general characterized by a significantly lower degree of volatility than the junior resource (exploration) sector of the market. Accordingly, the CC believes that a comparison of the performance of the Company’s shares to the S&P/TSX Global Gold and the S&P/TSX Venture indices is more relevant for the purpose of determining the relative performance of the Common Shares in relation to the marketplace in which the Company operates, although the increased number of non-resources issuers on the TSXV over the last 2-3 years makes this a somewhat less relevant comparison. By contrast, any comparison to the S&P/TSX Composite Index provides little, if any, useful information because it is reflective of a broader market that does not reflect the specific factors influencing junior exploration companies.

As can be seen from the foregoing graph, the performance of the Company’s shares has generally exceeded that of the S&P/TSX Global Gold and S&P/TSX Venture Composite indices since December 31, 2012. However since early 2016 the Company’s performance has lagged behind that of the indices. It has however shown considerable volatility over the five year period which mainly relates to variations in commodity

prices over the 5 year interval and in particular the volatile nature of the nickel price during that period. Prior to early 2014 the Company’s share price generally followed the trend of the S&P/TSX Global Gold and S&P/TSX Venture Composite indices in keeping with its strong focus on gold exploration during that interval.

In 2014, the share performance significantly exceeded that of the S&P/TSX Global Gold and S&P/TSX Venture Composite indices and the S&P/TSX Composite Index, and in 2015 it declined to again match the performance of these two indices. The strong performance during 2014 is in large part attributable to the discovery of a new mineral deposit – the Grasset Ni Deposit – and strong run up in the price of the related commodity – nickel. Through late 2014, 2015 and into early 2016 the nickel price decreased by 62% from its 2014 high. The price of nickel began to appreciate through 2016 and continued to do so in 2017 but remained below the price level used by the Company for its initial resource estimate for the Grasset deposit.

From 2010 through 2013, the CC has maintained a relatively “flat” salary profile, with only small increases in NEO salaries, primarily to reflect the general increase in the cost of living, and with only moderate annual bonuses, reflecting the steady effort of the NEO’s to improve and build the Company’s mineral assets. For 2014, the exceptional performance of the Company’s NEO’s, reflected to a large degree in the superior performance of the Common Shares in comparison to the market indices reflective of the junior exploration space as shown in the table above, was recognized and rewarded by way of significantly increased annual bonuses. However, for 2015, while the Company’s share performance has been on a par with S&P/TSX Global Gold and S&P/TSX Venture indexes, it was significantly less, on an absolute basis, than in 2014. During the 2016, the relative performance of the Company improved and then underperformed during 2017. The members of the CC used their own subjective assessments of the appropriate salary levels based on their experiences in the overall marketplace and their subjective view of an appropriate base salary level for NEO’s and thus any increases necessary to reach that level.

### Option Based Awards

See discussion under “2010 Incentive Stock Option Plan” under “Compensation Discussion and Analysis” above.

### Summary Compensation Table

During the financial year ended December 31, 2017, the Company had four (4) NEO’s, being Mr. Darin Wagner, President & Chief Executive Officer, Ms. Peggy Wu, Chief Financial Officer, Mr. Richard Mann, Vice President, Exploration and Mr. John Foulkes, Vice President, Corporate Development. The following table is a summary of the compensation paid to the NEO’s during the three (3) most recently completed financial years:

Name and principal position	Year <sup>(1)</sup>	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(5)</sup> (\$)	Non-equity incentive plan compensation		Pension value	All other compensation (\$)	Total compensation (\$)
					Annual incentive plan <sup>(4)</sup>	Long-term incentive plan			
Darin Wagner, President & CEO	2017	280,000	Nil	202,611	Nil	Nil	Nil	Nil	482,611
	2016	135,000	Nil	101,505	61,875	Nil	Nil	223,125 <sup>(2)</sup>	521,505
	2015	135,000	Nil	Nil	Nil	Nil	Nil	120,000 <sup>(2)</sup>	255,000
Peggy Wu, CFO	2017	Nil	Nil	67,537	Nil	Nil	Nil	54,338 <sup>(3)</sup>	121,875
	2016	Nil	Nil	20,301	Nil	Nil	Nil	68,340 <sup>(3)</sup>	88,641
	2015	Nil	Nil	Nil	Nil	Nil	Nil	49,910 <sup>(3)</sup>	49,910

Name and principal position	Year <sup>(1)</sup>	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(5)</sup> (\$)	Non-equity incentive plan compensation		Pension value	All other compensation (\$)	Total compensation (\$)
					Annual incentive plan <sup>(4)</sup>	Long-term incentive plan			
Richard Mann, Vice President, Exploration	2017	200,000	Nil	112,562	Nil	Nil	Nil	Nil	312,562
	2016	200,000	Nil	78,304	25,000	Nil	Nil	Nil	303,304
	2015	200,000	Nil	Nil	6,028	Nil	Nil	Nil	206,028
Mr. John Foulkes, VP, Corporate Development	2017	148,500	Nil	112,562	Nil	Nil	Nil	Nil	261,062
	2016	135,000	Nil	46,402	33,750	Nil	Nil	Nil	215,152
	2015	115,096	Nil	163,134	3,478	Nil	Nil	Nil	281,708

(1) Fiscal years ended December 31.

(2) These amounts were paid to 68B Resource Consultants Ltd., a company controlled by Mr. Wagner, for geological consulting services provided by Mr. Wagner. The consulting agreement was terminated on December 31, 2016.

(3) These amounts were paid for financial consulting services provided by Blue Pegasus Consulting Inc., a company wholly owned by Ms. Wu.

(4) These amounts were bonuses paid to Mr. Wagner, Mr. Mann, and Mr. Foulkes in December, 2017, 2016 and 2015.

(5) Fair value of incentive stock option grants calculated using the Black-Scholes model based on the following assumptions:

For the year ended Dec 31,	2017	2016	2015
Risk-free interest rate	1.17%	0.83%	0.96%
Expected life of options	5 years	5 years	5 years
Annualized volatility	71%	71%	75%
Dividend yield	0%	0%	0%
Exercise price	\$0.78	\$0.63	\$0.77

The Company believes that the Black-Scholes model is an appropriate model to use for calculating the fair value of incentive stock options because, while the model was originally developed for valuing publicly traded options as opposed to non-transferable incentive stock options and requires management to make estimates, which are subjective and may not be representative of actual results (changes in assumptions can materially affect estimates of fair values), this model is used by most companies in the Company's peer group and therefore represents an approach to valuation reasonably consistent with the Company's peer group. **It is important to remember that, while incentive stock options can have a significant theoretical value (such as those reported above), until the option is actually exercised and the resulting Common Shares can be sold at a profit, it has no value that can be realized by the holder.** Many incentive stock options expire, unexercised, and out-of-the-money.

## Incentive Plan Awards

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

The following table provides disclosure with respect to all share-based and option-based awards held by each NEO outstanding as at December 31, 2017, being the end of the most recently completed financial year:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Darin Wagner, President & CEO	500,000	1.05	February 6, 2018	Nil	N/A	N/A
	600,000	0.60	January 23, 2019	Nil		
	350,000	0.60	March 14, 2021	Nil		
	445,500	0.78	March 2, 2022	Nil		
Peggy Wu, Chief Financial Officer	20,000	1.05	February 6, 2018	Nil	N/A	N/A
	325,000	0.60	January 23, 2019	Nil		
	70,000	0.60	March 14, 2021	Nil		
	148,500	0.78	March 2, 2022	Nil		
Richard Mann, Vice President, Exploration	300,000	1.05	February 6, 2018	Nil	N/A	N/A
	420,000	0.60	January 23, 2019	Nil		
	270,000	0.60	March 14, 2021	Nil		
	247,500	0.78	March 2, 2022	Nil		
John Foulkes, Vice President, Corporate Development	360,000	0.77	June 18, 2020	Nil	N/A	N/A
	160,000	0.60	March 14, 2021	Nil		
	247,500	0.78	March 2, 2022	Nil		

<sup>(1)</sup> Value using the closing market price of common shares of the Company on the TSX on December 31, 2017, being the last trading day of the Company's shares for the financial year, of \$0.55 per share, less the exercise price per share.

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

The following table sets forth the aggregate dollar value that would have been realized if the incentive stock options granted during the most recently completed fiscal year had been exercised on the vesting date (as all incentive stock options vest immediately upon granting, the vesting date is the same as the grant date):

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 (\$)
Darin Wagner, President & CEO	Nil	N/A	Nil
Peggy Wu, CFO	Nil	N/A	Nil
Richard Mann, Vice President, Exploration	Nil	N/A	Nil
John Foulkes, Vice President, Corporate Development	Nil	N/A	Nil

<sup>(1)</sup> Value based upon the difference between the closing market price of the Common Shares on the TSX on the vesting date, and the respective exercise prices of the incentive stock options on an aggregated basis.

Information with respect to the Plan is provided under “Securities Authorized for Issuance under Equity Compensation Plans”.

### **Pension Plan Benefits**

The Company does not operate any pension plans or provide any retirement benefits for its directors or employees.

## Termination and Change of Control Benefits

The Company has no plans or arrangements in respect of remuneration received or that may be received by a NEO in the Company's most recently completed financial year or current financial year in respect of compensating such officer in the event of termination of employment (as a result of resignation, retirement, change of control, etc.) or a change in responsibilities following a change of control, except as follows:

- Employment agreement (the "**Wagner Agreement**"), effective August 20, 2013, with Darin Wagner ("**Wagner**"), President and CEO.
- An independent geological consulting agreement (the "**68B Agreement**"), effective August 20, 2013 and terminated on December 31, 2016, with 68B Resource Consultants Inc. (the "**Contractor**"), a private company controlled by Darin Wagner, to provide technical services in connection with the Company's exploration projects and other field programs. The 68B Agreement was terminated on December 31, 2016
- An employment agreement (the "**Mann Agreement**") effective November 15, 2010 with Richard Mann, Vice President, Exploration ("**Mann**").
- An employment agreement (the "**Foulkes Agreement**") effective February 23, 2015 with John Foulkes, Vice President, Corporate Development ("**Foulkes**"), (collectively, along with Wagner and Mann, the "**Employees**").

Pursuant to the Wagner, Mann and Foulkes Agreements (collectively, the "**Employment Agreements**"), the Company is required to make certain payments upon termination without cause and upon termination (involuntary or constructive) following a change of control. The CC is in the process of considering a revised employment contract for Wagner, including potentially revised termination provisions.

If an Employee is terminated other than "for cause", the Company is required to pay to the Employee a severance amount equal to six months' salary (Wagner), two months' salary plus one additional month's salary for every 12 month period of service completed (Mann) or two months' salary (Foulkes).

In the case of the Company terminating the Employee without cause, or of the Employee being constructively dismissed, in either case within 12 months following a change of control (as defined below), the Company is required to pay, as severance, an amount equal to 24 times the Employee's then current monthly salary (Wagner), or 12 times the Employee's then current monthly salary (Mann & Foulkes) plus, in each case, an amount equal to the sum of the annual bonus payments paid to the particular Employee over the last 3 years divided by 36 and then multiplied by number of completed months in the year of termination up to the termination date.

In addition, in the case of any termination without cause, or termination or constructive dismissal within 12 months of a change of control, the Company is required to continue the Employee's then existing benefits (other than insured or other benefits which cannot be extended to a person who is not actually actively employed by the Company) until the earlier of the termination of the change of control severance period or the Employee obtaining comparable benefits from another source.

An estimate of the amount of these payments, assuming that the triggering event giving rise to such payments occurred on December 31, 2017, is described below:

- (a) on termination without cause, Wagner would be entitled to a lump sum payment of \$140,000. On termination by the Company or constructive dismissal within 12 months following a change of control, Wagner would be entitled to a lump sum of \$560,000

together with an additional payment equal to \$20,625 and would be entitled to continue receiving his then existing employee benefits for 24 months or until he obtains comparable benefits from another source;

- (b) on termination without cause, Mann would be entitled to a lump sum payment of \$150,000. In the event of a termination by the Company or constructive dismissal within 12 months following a change of control, Mann would be entitled to a lump sum of \$200,000 together with an additional payment equal to \$10,343 and would be entitled to continue receiving his then existing employee benefits for 15 months or until he obtains comparable benefits from another source; and
- (c) on termination without cause, Foulkes would be entitled to a lump sum payment of \$22,500. In the event of a termination by the Company or constructive dismissal within 24 months following a change of control, Foulkes would be entitled to a lump sum of \$135,000, together with an additional payment equal to \$12,409 and would be entitled to continue receiving his then existing employee benefits for 12 months or until he obtains comparable benefits from another source;

***Definitions:***

“**change of control**” means any one of the following events:

- (a) the sale, liquidation or other disposition of all or substantially all of the assets of the Company in circumstances where the Company either:
  - (i) does not intend to acquire new mineral exploration projects within a reasonable time; or
  - (ii) intends to enter into new business ventures which do not involve the acquisition, exploration development or exploitation of mineral properties;
- (b) the sale, exchange or other disposition of a majority of the outstanding shares of the Company in a single transaction or series of related transactions;
- (c) the Company is merged or consolidated in a transaction in which its shareholders receive less than 50% of the outstanding voting shares of the new or continuing entity;
- (d) a majority of the incumbent directors of the Company who were previously nominated by management and elected as directors at the immediately preceding annual general meeting or who were appointed by the Board to fill a vacancy occurring since the immediately preceding annual general meeting are:
  - (i) not nominated for re-election at any annual general meeting of the shareholders of the Company;
  - (ii) after having been nominated by management for re-election as directors, not re-elected as directors at any annual general meeting of the shareholders of the Company;
  - (iii) removed as directors of the Company; or
  - (iv) as a result of an increase in the size of the Board and the appointment of new directors no longer constitutes a majority of the Board,

except where any of the above occurs as a result of the death, disability or voluntary retirement of any such directors in accordance with the normal retirement practices of the Company;

- (e) the acquisition by any person, or any person and its affiliates, or by any person acting jointly or in concert with any of the foregoing persons or affiliates, and whether directly or indirectly, of voting securities of the Company that, when added to all other voting securities at the time held by such person, its affiliates and any person acting in concert with any of the foregoing person or affiliates, totals for the first time, not less than twenty (20%) of the then outstanding voting securities of the Company; or
- (f) the consummation of a reorganization, merger or other transaction which has substantially the same effect as (a) through (e) above.

“**constructive dismissal**” means the occurrence of one of the following events without the Employee’s express written consent:

- (a) a material reduction in the Employee’s responsibilities or reporting, except as a result of the Employee’s disability;
- (b) a material reduction by the Company in the Employee’s annual base salary;
- (c) during the 12 months following a change of control, a material reduction in the employee benefits (as defined in the respective agreements) or a material reduction in the terms of, or opportunity to earn, bonuses and other incentives;
- (d) a change in the location of the principal executive office of the Company or any successor entity to a location outside the Metro Vancouver area;
- (e) a requirement by the Company or any successor entity that the Employee be based, for the purposes of performing the duties hereunder, anywhere outside the Metro Vancouver area; or
- (f) any other facts or circumstances amounting to a constructive dismissal at common law.

***Significant Conditions or Obligations Attached to Payments and Benefits***

There are no significant conditions or obligations required to be met by either the Employees or the Contractor as a condition precedent to receiving the foregoing payments upon termination without cause or termination without cause or constructive dismissal following a change of control, except that the Employee or Contractor, as applicable, is required to sign and deliver a full and final release of all claims against the Company arising out of such termination in return for the receipt of such payments.

**Director Compensation**

***Director Compensation Table***

The following table discloses all amounts of compensation provided to the directors for the Company’s most recently completed financial year:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Lawrence Talbot <sup>(2)(4)</sup>	33,000	N/A	45,479	N/A	N/A	Nil	78,479
Graeme Currie <sup>(2)</sup>	28,000	N/A	45,479	N/A	N/A	Nil	73,479
Daniel MacInnis <sup>(2)(3)</sup>	38,000	N/A	45,479	N/A	N/A	Nil	83,479
Bryan Disher <sup>(2)(4)</sup>	33,000	N/A	45,479	N/A	N/A	Nil	78,479

(1) Fiscal year ended December 31, 2017

(2) Annual retainer fees to the non-management directors of the Company of \$2,333 per month or \$28,000 per annum.

(3) Additional retainer of \$833 per month or \$10,000 per annum paid to the Board Chair

(4) Additional retainer of \$417 per month or \$5,000 per annum paid to the Chairs of each of the Audit and Compensation Committees

Except as noted below, the Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the fiscal year ended December 31, 2017.

Except as noted below, none of the Company's current directors have received any manner of compensation for services provided in their capacity as directors, consultants or experts during the Company's most recently completed financial year.

Effective April 28, 2011, the Board approved the payment of monthly retainer fees to the non-management directors of the Company (in this case, the directors other than Mr. Wagner), in recognition of the fact that service as a director in an active resource exploration company such as the Company requires a significant commitment of time and effort, as well as the assumption of increasing liability. Independent directors receive a monthly retainer fee of \$1,600 (increased to \$1,800 starting July 1, 2014 and then \$1,854 starting January 1, 2015, increased to \$2,333 starting January 1, 2017) or \$28,000 per annum. Effective January 1, 2017, the Board Chair received an additional retainer fee of \$833 per month or \$10,000 per annum for acting as such, and the Chairs of each of the Audit and Compensation Committees received an additional retainer of \$417 per month or \$5,000 per annum for acting as such. There is no written policy for reimbursement of expenses but directors and executives are reimbursed for reasonable expenses associated with attending meetings or travelling on behalf of the Company at the Company's request. Directors do not receive extra fees for serving on committees of the Board or acting as the Chair of the Board or of any committee.

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

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

The following table provides disclosure with respect to all share-based and option-based awards held by each director outstanding as at December 31, 2017, being the end of the most recently completed financial year:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Lawrence Talbot	300,000	1.05	February 6, 2018	Nil	N/A	N/A
	400,000	0.60	January 23, 2019	Nil		
	50,000	0.60	March 14, 2021	Nil		
	100,000	0.78	March 2, 2022	Nil		
Graeme Currie	400,000	0.60	January 23, 2019	Nil	N/A	N/A
	50,000	0.60	March 14, 2021	Nil		
	100,000	0.78	March 2, 2022	Nil		
Daniel MacInnis	20,000	1.05	February 6, 2018	Nil	N/A	N/A
	100,000	0.60	January 23, 2019	Nil		
	300,000	0.61	February 5, 2019	Nil		
	50,000	0.60	March 14, 2021	Nil		
	100,000	0.78	March 2, 2022	Nil		
Bryan Disher	400,000	0.60	March 14, 2021	Nil	N/A	N/A
	100,000	0.78	March 2, 2022	Nil		

<sup>(1)</sup> Value using the closing market price of Common Shares of the Company on the TSX on December 31, 2017, being the last trading day of the Company's Common Shares for the financial year, of \$0.55 per share, less the exercise price per share.

#### Incentive Plan Awards - Value Vested or earned During the Year

The following table sets forth the aggregate dollar value that would have been realized if the incentive stock options granted to directors who are not NEO's during the most recently completed fiscal year had been exercised on the vesting date (as all incentive stock options vest immediately upon granting, the vesting date is the same as the grant date):

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 (\$)
Lawrence Talbot	Nil	N/A	N/A
Graeme Currie	Nil	N/A	N/A
Daniel MacInnis	Nil	N/A	N/A
Bryan Disher	Nil	N/A	N/A

<sup>(1)</sup> Value based upon the difference between the closing market price of the Common Shares on the TSX on the vesting date, and the respective exercise prices of the incentive stock options, on an aggregated basis.

### AUDIT COMMITTEE

Under National Instrument 52-110 - Audit Committees (“**NI 52-110**”), companies are required to provide certain 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 in their Annual Information Form. This information with respect to the Company is contained under Schedule “A” of the Company's Annual Information Form dated March 29<sup>th</sup>, 2018 in respect of the financial year ended December 31, 2017, available on the Company's profile at [www.sedar.com](http://www.sedar.com).

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* requires full and complete annual disclosure of an issuer’s corporate governance practices in Form 58-101F1. The Company’s approach to corporate governance, with reference to the Corporate Governance Guidelines contained in National Policy 58-201, is provided in Schedule “A”.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

#### **Table of Equity Compensation Plan Information**

The following table sets forth details of all equity compensation plans of the Company as of December 31, 2017, being the end of Company’s last completed financial year.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under the Equity Compensation Plans<sup>(1)</sup></b>
Equity Compensation Plans Approved by Securityholders <sup>(2)</sup>	10,331,950	\$0.74	3,519,127
Equity Compensation Plans Not Approved By Securityholders	None	N/A	N/A
<b>Total</b>	<b>10,331,950</b>	<b>\$0.74</b>	<b>3,519,127</b>

<sup>(1)</sup> As at December 31, 2017, being the Company’s last completed financial year.

<sup>(2)</sup> The only equity compensation plan of the Company is the Plan.

#### **2010 Incentive Stock Option Plan**

The Company has a “rolling” stock option plan (the Plan) which reserves, for issuance pursuant to incentive stock options, that number of Common Shares as is equal to 10% of the issued Common Shares outstanding from time to time (calculated at the time of any particular grant). The Plan was initially approved by the shareholders on July 21, 2010, and was accepted for filing by the TSXV subsequent to its initial adoption and approval by the shareholders.

On June 28, 2011, the directors made certain changes to the Plan, which was reapproved by shareholders on July 28, 2011 in accordance with the policies of the TSXV. On May 13, 2013, the Board approved additional changes (consistent with both the requirements of the TSXV and the TSX) to the Plan, subject to shareholder approval and filing thereof with the TSXV. The Plan, as amended, was re-approved by shareholders on June 14, 2013, accepted for filing by the TSXV on July 9, 2013 and by the TSX upon the listing of the Common Shares on the TSX on August 16, 2013. Additional amendments were made to the plan and the amended plan was approved by the shareholders on June 24, 2016.

The Company has no other form of compensation plan under which equity securities of the Company are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods and services.

As at December 31, 2017, a total of 13,851,077 incentive stock options (representing 10% of the outstanding Common Shares) are permitted to be granted under the Plan. As at that date, there were 10,331,950 stock options outstanding under the Plan to purchase an aggregate of 10,331,950 Common

Shares (representing 7% of the outstanding Common shares) and 3,519,127 stock options (representing 3% of the outstanding Common shares) available for grant under the Plan. The option period for individual stock option grants shall be determined by the Board, upon the recommendation of the Compensation Committee, at the time the option is granted and may be for a period of up to ten (10) years from the date of the grant.

A brief description of the Plan is as follows:

1. Options may be granted to Employees, Officers, Directors (including Non-Employee Directors), and Consultants (all as defined in the Plan) of the Company and its Affiliates who are, in the opinion of the CC, in a position to contribute to the success of the Company or any of its Affiliates or who, by virtue of their service to the Company or any predecessors thereof or to any of its Affiliates, are in the opinion of the CC, worthy of special recognition. The granting of Options is entirely discretionary on the part of the Board.
2. The maximum aggregate number of Common Shares which may be made issuable pursuant to the exercise of options granted under the Plan at any particular time (together with those Common Shares which may be issued pursuant to any other security-based compensation plan(s) of the Company or any other option(s) for services granted by the Company at such time), unless otherwise approved by shareholders, may not exceed that number which is equal to 10% of the Common Shares issued and outstanding at such time, provided that if any option subject to the Plan is exercised, forfeited, expires is terminated or is cancelled for any reason whatsoever, then the Common Shares previously subject to such option are automatically reloaded and available for future option grants. The Company may (subject to such 10% limit) continue to grant additional options under the Plan as its issued capital increases, even after the Plan has received regulatory acceptance and shareholder approval.
3. The number of shares subject to each option will be determined by the Board (based upon the recommendations of the CC) at the time of grant, provided that:
  - (a) the maximum aggregate number of Common Shares that may be reserved under the Plan or other share compensation arrangements of the Company for issuance to insiders at any particular time may not exceed 10% of the issued and outstanding number of Common Shares at such time; and
  - (b) the number of Common Shares issued to insiders pursuant to the Plan (together with any common shares issued to insiders pursuant to any other share compensation arrangements of the Company) within a twelve (12) month period may not exceed ten (10%) of the issued and outstanding number of Common Shares.

Subject to the overall 10% limit described in 2 above, and the limitations on options to insiders as set forth above, there is no maximum limit on the number of options which may be granted to any one person.

4. The exercise price of an option will be set by the Board (based upon recommendations from the CC) in their discretion, but such price will not be less than the greater of:
  - (a) the closing price of the Common Shares on the TSX on the day prior to the option grant; and

- (b) the “volume weighted average trading price” (calculated by dividing the total value by the total volume of Common Shares traded on the TSX during the relevant period) of the Common Shares on the TSX for the five trading days immediately before the date of grant.
5. Options may be exercisable for a period of up to ten years from the date of grant. The Plan does not contain any specific provisions with respect to the causes of cessation of entitlement of any optionee to exercise his option, provided, however, that the Board may, at the time of grant, determine that an option will terminate within a fixed period (which is shorter than the option term) upon the ceasing of the optionee to be an eligible optionee or upon the death of the optionee, provided that, in the case of the death of the optionee, an option will be exercisable only within one year from the date of the optionee’s death.
  6. Notwithstanding the expiry date of an option set by the Board, the expiry date will be adjusted, without being subject to the discretion of the Board or the CC, to take into account any blackout period imposed on the optionee by the Company. If the expiry date falls within a blackout period, then the expiry date will be the close of business on the tenth business day after the end of such blackout period. Alternatively, if the expiry date falls within two business days after the end of such a blackout period, then the expiry date will be the difference between 10 business days reduced by the number of business days between the expiry date and the end of such blackout period.
  7. The Plan does not provide for any specific vesting periods. The Board (on the recommendation of the CC) may determine when any option will become exercisable and any applicable vesting periods, and may determine that an option shall be exercisable in instalments.
  8. On the occurrence of a takeover bid, issuer bid or going private transaction, the Board has the right to accelerate the date on which any option becomes exercisable and may, if permitted by applicable legislation, permit an option to be exercised conditional upon the tendering of the common shares thereby issued to such bid and the completion of, and consequent taking up of such common shares under, such bid or going private transaction.
  9. Options are non-assignable, and may, during his/her lifetime, only be exercised by the optionee.
  10. The exercise price per optioned share under an option may be reduced, at the discretion of the Board (upon the recommendation of the CC), if:
    - (a) at least six months has elapsed since the later of the date such option was granted and the date the exercise price for such option was last amended; and
    - (b) shareholder approval is obtained, including disinterested shareholder approval if required by the TSX, for any reduction in the exercise price under an option.
  11. The present policy of the Board is not to provide any financial assistance to any optionee in connection with the exercise of any option.
  12. The present policy of the Board is not to transform an option granted under the Plan into a stock appreciation right.
  13. If there is any change in the number of common shares of the Company outstanding through any declaration of a stock dividend or any consolidation, subdivision or reclassification of the common shares, the number of shares available under either the Plan, the shares subject to any granted stock option and the exercise price thereof will be adjusted proportionately, subject to any approval

required by the TSX. If the Company amalgamates, merges or enters into a plan of arrangement with or into another corporation, and the Company is not the surviving or acquiring corporation, then, on any subsequent exercise of such option, the optionee will receive such securities, property or cash which the optionee would have received upon such reorganization if the optionee had exercised his or her option immediately prior to the record date. Any such adjustment or substitution requires the acceptance for filing thereof by the TSX.

14. The Plan provides that, subject to the policies, rules and regulations of any lawful authority having jurisdiction (including the TSX), the Board may, at any time, without further action or approval by the shareholders of the Company, amend the Plan or any option granted under the Plan in such respects as it may consider advisable and, without limiting the generality of the foregoing, it may do so to:

- (a) ensure that the options granted under the Plan will comply with any provisions respecting stock options in tax and other laws in force in any country or jurisdiction of which a optionee to whom an option has been granted may from time to time be resident or a citizen;
- (b) make amendments of an administrative nature;
- (c) correct any defect, supply any omission or reconcile any inconsistency in the Plan, any option or option agreement;
- (d) change vesting provisions of an option or the Plan;
- (e) change termination provisions of an option provided that the expiry date does not extend beyond the original expiry date;
- (f) add or modify a cashless exercise feature providing for payment in cash or securities upon the exercise of options;
- (g) 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 Company;
- (h) add or change provisions relating to any form of financial assistance provided by the Company to participants under the Plan that would facilitate the purchase of securities under the Plan;

provided that shareholder approval shall be obtained for any amendment that results in:

- (i) an increase in the Common Shares issuable under options granted pursuant to the Plan;
- (j) a change in the persons who qualify as participants eligible to participate under the Plan;
- (k) a reduction in the exercise price of an option;
- (l) the cancellation and reissuance of any option;
- (m) the extension of the term of an option;
- (n) a change in the insider participation limit contained in subsection 5.1(b) of the Plan;
- (o) options becoming transferable or assignable other than for the purposes described in section 10 of the Plan; and

- (p) a change in the amendment provisions contained in the Plan.

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

At no time during the financial year ended December 31, 2017, was any director, executive officer, employee, proposed management nominee for election as a director of the Company, or any associate of any such director, executive officer, or proposed management nominee of the Company, or any former director, executive officer or employee of the Company or any of its subsidiaries, indebted to the Company or any of its subsidiaries or indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, other than routine indebtedness.

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

To the knowledge of the Company, no informed person of the Company, proposed director of the Company, or any associate of affiliate of any informed person or proposed director has had any material interest, direct or indirect, in:

- (a) any transaction since January 1, 2017 (being the commencement of the Company's last completed financial year); or
- (b) any proposed transaction, which materially affected or would materially affect the Company.

As defined in National Instrument 51-102 "informed person" means:

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

#### **APPOINTMENT OF AUDITOR**

The Audit Committee has recommended to the Board that the Company propose Smythe LLP, Chartered Professional Accountants, the incumbent auditors, to the shareholders for re-election as the Company's auditors for the financial year ending December 31, 2018. Accordingly, unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the reappointment of Smythe LLP, Chartered Professional Accountants, as auditors of the Company and to authorize the directors to fix their remuneration.

#### **MANAGEMENT CONTRACTS**

The management functions of the Company are not, to any substantial degree, performed by a person or persons other than the Company's directors or senior officers.

**ANY OTHER MATTERS**

Management of the Company knows of no matters to come before the meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

**ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com) under "Company Profiles - Balmoral Resources Ltd." The Company's financial information is provided in the Company's comparative financial statements and related management discussion and analysis for its most recently completed financial year and interim period and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis by contacting the Corporate Secretary of the Company at Suite 1750 – 700 West Pender Street, Vancouver, British Columbia, Canada V6C 1G8.

**SCHEDULE “A”  
STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices that are both in the interest of its shareholders and contribute to effective and efficient decision making. National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines that apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 (“**NI 58-101**”) mandates disclosure of corporate governance practices for non-Venture Issuers in Form 58-101F1, which disclosure is set out below.

**Board of Directors Composition**

The Board is currently composed of five (5) directors. All five (5) of the proposed nominees for election as directors at the Meeting are current directors of the Company. NP 58-201 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under National Instrument 52-110 “Audit Committees” (“**NI 52-110**”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. “Material relationship” is defined as a relationship that could, in the view of a company’s board of directors, reasonably interfere with the exercise of a director’s independent judgment. Of the proposed nominees, one, being Darin Wagner, the President and Chief Executive Officer of the Company, is an “insider” or management director and, accordingly is not considered by the Board to be “independent”. The remaining four nominees, being Lawrence Talbot, Graeme Currie, Daniel MacInnis and Bryan Disher are considered by the Board to be “independent”, within the meaning of NI 52-110. Thus, assuming that all the proposed nominees are elected as directors, the Board will continue to be composed of a majority of independent directors.

In assessing Form 58-101F1 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors, including discussions with each director and a review of the resumes of the directors and the corporate relationships and other directorships held by each of them.

**Directorships**

The following directors and proposed directors of the Company are directors of other reporting issuers (as at December 31, 2017):

<u>Name of Director</u>	<u>Other Reporting Issuers</u>	<u>Exchange</u>
Darin Wagner	Palamina Corp. VR Resources Ltd.	TSXV TSXV
Lawrence Talbot	Minaurum Gold Inc.	TSXV
Graeme Currie	Pure Gold Mining Inc.	TSXV

<u>Name of Director</u>	<u>Other Reporting Issuers</u>	<u>Exchange</u>
Daniel MacInnis	MAG Silver Corp.	TSX
Bryan Disher	None	N/A

The Chair of the Board is Mr. Daniel MacInnis, an independent director. The independent directors believe that Mr. MacInnis, by virtue of his experience as a CEO and director of several public natural resource companies, is qualified to provide the required leadership. In addition, the Board believes that its current composition, in which only one of the directors is a member of management, also serves to ensure that the Board can function independently of management. The independent directors exercise their responsibilities for independent oversight of management through their majority position on the Board and ability to meet independently of management whenever deemed necessary by any independent director. The independent directors generally have an “in camera” session at the end of each regular board meeting, attended only by the independent directors without any members of management present, so that the independent directors can have a full and frank discussion with respect to the affairs of the Company without non-independent directors or management present.

Each member of the Board understands that he is entitled, at the cost of the Company, to seek the advice of an independent expert (including legal counsel) if he reasonably considers it warranted under the circumstances. No director chose to do so during the financial year ended December 31, 2017.

### Attendance

The attendance record of each director at full board meetings and with respect to meetings of any committees of which he is a member since January 1, 2017 (being the date of the commencement of the last fiscal year) up to the date of this Information Circular are as follows:

<b>Name of Director</b>	<b>Full Board Meetings (8 total)</b>	<b>Audit Committee (4 total)</b>	<b>Sustainable Development Committee (1 total)</b>	<b>Corporate Governance &amp; Nominating Committee (0 total) <sup>(1)</sup></b>	<b>Compensation Committee (2 total)</b>
Darin Wagner	8	N/A	0	N/A	N/A
Lawrence Talbot	7	4	1	N/A	2
Graeme Currie	8	4	1	N/A	2
Daniel MacInnis	8	3	0	N/A	2
Bryan Disher	8	4	1	N/A	N/A

<sup>(1)</sup> Matters dealt with by the CGNC were through informal sessions and evidenced by consent resolutions in writing signed by all CGNC members.

### Board Mandate

The Board has not adopted a written mandate. At this stage of the Company’s development, the Board does not believe it is necessary to adopt a written mandate as sufficient guidance is found in the applicable corporate legislation and regulatory policies. The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through the operation of its standing committees. In

fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company's overall business strategies and its annual business plan, reviewing and approving the annual corporate budget and forecast, reviewing and approving significant capital investments outside the approved budget; reviewing major strategic initiatives to ensure that the Company's proposed actions accord with its stated shareholder objectives; reviewing succession planning; assessing management's performance; reviewing and approving the financial statements, reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Company's capital resources. The Board also takes responsibility for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable.

In keeping with its overall responsibility for the stewardship of the Company, the Board is responsible for the integrity of the Company's internal control and management information systems (primarily through the Audit Committee) and for the Company's policies respecting corporate disclosure and communications.

### **Position Descriptions**

The Board has not developed a written position for its Chair of any of its standing committees, or for the CEO. To date, given the size of the Company and its stage of development, the Board does not believe that formal written position descriptions are required, and that good business practices and the common law provide guidance as to what is expected of each of such positions.

The role of the Chair independent director is to provide independent leadership to the Board, a function the independent directors believe Mr. MacInnis is well suited for by virtue of his extensive experience with public companies in the mining industry as both a senior officer and a director.

The general duties of the CEO are as set forth in the existing employment agreement between the CEO and the Company, which were developed by the Board, in consultation with the CEO, at the time the agreement was entered into, and set forth the expectations of the role and position to be fulfilled by the CEO. Pursuant to the employment agreement, the Company (acting through the Board) has the ability to modify such duties as required, but it has not found it necessary to do so.

### **Director Term Limits and Other Mechanisms of Board Renewal**

The Company does not have a policy with respect to director term limits, director retirement or board renewal. Since the Company commenced its current operations in 2010, there has been an ongoing renewal of the Board as the skill sets required on the Board have changed over time since then. As a result of such renewal, with respect to the current Board, two directors have served for 8 years, two directors have served for just over 4 years and one is a new appointment in 2016. Each year, the CGNC reviews the current board make-up and existing skill sets and experience of the directors to determine if the current board members are appropriate for re-election and will continue to make an effective contribution and whether or not additional or replacement directors are required, given the Company's anticipated activities. The Board considers that the adoption of a fixed policy with respect to board renewal or age or term related retirement is not appropriate for the Company, and that the yearly review is a more appropriate and effective way of addressing the issue of the correct composition of the Board and Board renewal.

### **Orientation and Continuing Education**

At the current time, the Board provides *ad hoc* orientation for new directors. New directors are briefed on strategic plans, short, medium and long term corporate objectives, the Company's current mineral properties and ongoing exploration programs, business risks and mitigation strategies, corporate governance guidelines and existing company policies, and tour the Company's material mineral projects.

However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current level of operations, and the low Board turnover. However, if the growth of the Company's operations or significant Board turnover in the future warrants it, the Board would consider implementing a formal orientation process.

The skills and knowledge of the Board as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, not only technical knowledge in the fields of accounting, geology, mining finance and mining and securities law, but also extensive experience in the mineral exploration and mining industry and running and managing public companies in the natural resource sector, and several directors are also directors of other natural resource companies. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. The Company will pay the reasonable costs of attendance by directors at continuing education courses and seminars with respect to corporate governance, directors' duties and obligations and similar matters. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the members of the Board.

The Company also aims to have all members of the Board travel to and visit the Company's major mineral projects, currently the Martiniere and Grasset projects on its Detour Trend Project in Quebec, at least once a year so that directors have the opportunity to visit the project sites and meet with staff in the field. Three of the five current directors participated in such visit in August 2017.

### **Policies Regarding Representation of Women on the Board**

The Board has not adopted a written policy relating to the identification and nomination of women directors. Instead, the charter of the CGNC provides, with respect to the nomination of directors, that the responsibility of the CGNC in identifying and recommending qualified candidates is to take into consideration such factors as it deems appropriate, including judgement, skill, diversity, experience with businesses and other organizations of comparable size and the need for particular expertise on the Board. In short, the role of the CGNC is to recommend the most appropriate candidates for election as directors of the Company, irrespective of gender. Neither the Board nor the CGNC specifically considers the level of representation of women on the Board when considering candidates for election or re-election as the intent of the CGNC is to recommend what it considers to be the "best" candidates, and it does so by reviewing qualifications of prospective board nominees and determines their relevance taking into consideration the then current Board composition and the anticipated skills required to round out the capabilities of the Board.

Similarly, the Board does not consider the level of representation of women in executive officer positions when making executive officer appointments. At the present time, the Company has a small management team reflective of its current operations and financial resources, and does not anticipate a material expansion in its management ranks until such time as a decision is made to move ahead with the development of one of its projects. The Company is committed to the fundamental principles of equal employment opportunities and treating people fairly, with respect and dignity, and to offering equal employment opportunities based upon an individual's qualifications and performance – free from discrimination or harassment because of race, colour, ancestry, place of origin, religion, gender, sexual orientation, age, marital status, family status, or physical or mental disability. The Company's policy is to select candidates for employment, including executive officer positions, based solely upon experience, skill and ability of candidates.

The Company does not currently have any women directors (0%), and has not adopted any targets regarding women on its Board. As noted above, in evaluating potential nominees to the Board, the CGNC focuses on the current Board composition and the anticipated skills required to round out the capabilities of the

Board, including the knowledge and diversity of its membership. Targets which focus on only one characteristic among many are not considered to be in the best interests of the Company. In reviewing potential candidates, the Board has, in the past, considered a number of women candidates, and will continue to do so moving forward.

The Company presently has two women in executive officer positions (40%) and has not adopted any targets regarding women in executive officer positions. As noted above, the Company is an equal opportunity employer, whereby candidates for employment as executive officers are selected based upon primary considerations such as experience, skill and ability. As previously noted, targets which focus on only one characteristic among many are not considered to be in the best interests of the Company.

Details with respect to the mandate and powers of the CGNC are given below under “Other Board Committees”.

## **Nomination of Directors**

### ***Selection Process***

The CGNC (in which all members are independent) is responsible for reviewing proposals for new nominees to the Board, conducting such background reviews, assessments, interviews and other procedures as it believes necessary to ascertain the suitability of a particular nominee, and then recommending possible candidates for nomination for election or appointment as a director. Once the CGNC has selected a candidate it believes is appropriate, it then makes a recommendation to the Board as to the nomination of the identified individual for election as a director, for appointment as a replacement for a director who has resigned or for appointment as an additional director, as applicable.

The selection of potential nominees for review by the CGNC are generally the result of recruitment efforts by the individual Board members or the CEO, including both formal and informal discussions among Board members and with the CEO, and are usually based upon the desire to have a specific set of skills or expertise included on the Board. The CGNC carries out such reviews as it determines to be appropriate (which generally includes interviews with the proposed nominee) to determine if the proposed nominee is suitable for election to the Board.

The appointment of new directors or the nomination for election as a director or a person not currently a director by the shareholders at an annual general meeting (“AGM”) is carried out by the Board, based on the recommendation of the CGNC. Prior to an AGM, the CGNC carries out a review of the current board composition and makes recommendations as to the individuals (whether existing directors or non-directors) it considers should be nominated for election as a director at the upcoming AGM.

Because the CGNC may be seeking potential candidates with specific skill sets, and because many potentially suitable individuals do not have the required time or are not willing to act as a director of a junior mineral exploration company such as the Company, the identification and assessment of potential appropriate candidates who would be willing and able to serve can take some time. The approach of the CGNC is to take the necessary time to find the best and most suitable candidate(s), and not to be rushed into a nomination or appointment simply to meet artificial deadlines or to have or maintain a “recommended” number of directors.

### ***Skill Set & Diversity***

As noted above, candidates for nomination as a director are assessed on their individual skill set, integrity, professionalism, diversity, public company and mining sector experience. The CGNC considers a mix of

these qualities important in the selection criteria when determining the best composition for the Board and the Company's specific needs.

The CGNC supports not only a gender diverse Board but a Board which encompasses the full spectrum of diversity. The CGNC believes diversity brings different perspectives and enhances the Board's effectiveness. The CGNC does not support fixed quotas or targets for its selection criteria, as the CGNC believes that each nominee should be evaluated based on the nominee's particular merits and experience taking into consideration the current composition of the Board.

### **Ethical Business Conduct**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives according to the highest ethical standards. To this end, on July 21, 2010 the Board adopted a "Code of Business Conduct and Ethics" for its directors, officers and employees and, in appropriate cases, consultants. Interested shareholders may obtain a copy at [www.sedar.com](http://www.sedar.com). Pursuant to the Code, the Company has appointed its Corporate Secretary to serve as the Company's Ethics Officer to ensure adherence to the Code, reporting directly to the Board. Training in the Code is included in the orientation of new employees and, to ensure familiarity with the Code, directors, officers and employees are asked to read the Code and sign a Compliance Certificate annually. Directors, officers and employees are required to report any known violations of the Code to the Corporate Secretary or the Chairman of the Audit Committee or, alternately, to the Company's outside U.S. or Canadian counsel.

There have not been, since the beginning of the Company's most recent fiscal year, any material change reports filed that pertain to any conduct of a director or executive officer that constitutes a departure from the Code.

In addition to the provisions of the Code, directors and senior officers are bound by the provisions of the Company's Articles and the *Business Corporations Act* (British Columbia) which set forth how any conflicts of interest are to be dealt with. In particular, any director who has a material interest in a particular transaction is required to disclose such interest and to refrain from voting with respect to the approval of any such transaction.

### **Communications with the Board**

Interested parties, including shareholders of the Company, desiring to communicate with members of the Board may do so by mailing a request to the Corporate Secretary of Balmoral Resources Ltd. at 1750 – 700 West Pender Street, Vancouver, BC V6C 1G8. Any such communication should state the number of shares beneficially owned, if any, by the interested party making the communication. The Secretary will forward any such communication to the Chair of the CGNC, and to other members of the Board, as appropriate, provided that such communication addresses a legitimate business issue. Any communication relating to accounting, internal controls, auditing or fraud will be forwarded to the Chair of the Audit Committee.

### **Compensation**

See "Executive Compensation – Director Compensation" in the information circular to which this Schedule "A" is attached for information with respect to the Compensation Committee and the Compensation Committee's approach to the compensation of directors.

## **Other Board Committees**

Committees of the Board are an integral part of the Company's governance structure. At the present time, the Board has the following standing committees: Audit Committee, Compensation Committee, Sustainable Development Committee and Corporate Governance and Nominating Committee.

Disclosure with respect to the Audit Committee, as required by NI 52-110, is contained under "Additional Information" and Schedule "A" of the Company's 2017 Annual Information Form dated, March 29, 2018, and with respect to the Compensation Committee is contained in the information circular to which this Schedule "A" is attached under the heading "Compensation Committee". Details of the composition and function of the remaining standing committees of the Board, as at the date of this Information Circular, is as follows:

### ***Sustainable Development Committee ("SDC")***

*Darin Wagner (Chair)*  
*Lawrence Talbot*  
*Graeme Currie*  
*Daniel MacInnis*  
*Bryan Disher*

The SDC has a written charter. The overall purpose of the SDC is to assist the Board in fulfilling its oversight responsibilities with respect to the Company's continuing commitment to improving the environment and ensuring that its activities are carried out, and that its facilities are operated and maintained, in a safe and environmentally sound manner and reflect the ideals and principles of sustainable development. The primary function of the SDC is to monitor, review and provide oversight with respect to the Company's policies, standards, accountabilities and programs relative to health, safety, community relations and environmental-related matters. The SDC also advises the Board and makes recommendations for the Board's consideration regarding health, safety, community relations and environmental-related issues. To this end, the SDC endeavours to have at least one meeting per year onsite at the Company's material mineral projects.

### ***Corporate Governance and Nominating Committee ("CGNC")***

*Lawrence Talbot (Chair)*  
*Graeme Currie*  
*Daniel MacInnis*  
*Bryan Disher*

The CGNC has a written charter. The role of the CGNC is to (1) develop and monitor the effectiveness of the Company's system of corporate governance; (2) establish procedures for the identification of new nominees to the Board and lead the candidate selection process; (3) develop and implement orientation procedures for new directors; (4) assess the effectiveness of directors, the Board and the various committees of the Board; (5) ensure appropriate corporate governance and the proper delineation of the roles, duties and responsibilities of management, the Board and its committees; and (6) assist the Board in setting the objectives of the CEO and evaluating the performance of the CEO.

## **Assessments**

The Board has not, as yet, formally assessed its performance or the performance of individual directors or committee members or their contributions. The CGNC has, as part of its mandate, the responsibility for producing reports (which may be verbal) with respect to performance evaluations of the CEO, the Board as

a whole, the individual committees of the Board and individual directors, on an annual basis. The CGNC is in the process of determining the appropriate processes for such evaluations, and is reviewing the processes adopted by similar sized public natural resource companies in order to assist it in this regard.

## **Balmoral's Policies**

### Majority Voting Policy

On September 20, 2013, the Board adopted a majority voting policy ("MV Policy"). The MV Policy was subsequently modified on April 13, 2016. Pursuant to the MV Policy, the form of proxy for meetings of the shareholders of the Company at which directors are to be elected provides the option of voting in favor, or withholding from voting, for each individual nominee to the Board. If, with respect to any particular nominee, the number of shares withheld from voting exceeds the number of shares voted in favor of the nominee, then the nominee will be considered to have not received the support of the shareholders, and such nominee is expected to submit his or her resignation to the Board, to take effect on acceptance by the Board.

Following receipt of a resignation submitted pursuant to the MV Policy ("Resignation"), the CGNC is to consider whether or not there are exceptional circumstances which would justify not accepting the Resignation. Absent such exceptional circumstances, the CGNC shall recommend to the Board that the Board accept the Resignation. If the CGNC determines that exceptional circumstances exist that would justify not accepting the Resignation, the CGNC will prepare a report to the Board containing a recommendation to the Board not to accept the Resignation, and clearly identifying and setting out the basis for determining such exceptional circumstances exist.

Within ninety (90) days following the applicable Shareholders' meeting, the Board shall make its decision whether or not to accept the Resignation, based upon the CGNC's recommendation. Absent such exceptional circumstances as may be set forth in the report of the CGNC, the Board shall accept the Resignation. Following the Board's decision on the Resignation, the Board shall publicly disclose by news release their decision whether to accept the Resignation including the reasons for rejecting the Resignation, if applicable. A copy of the applicable news release shall be provided to each stock exchange on which the Company's securities are then listed.

If the Resignation is accepted, subject to any corporate law restrictions, the Board may:

- (a) leave the resultant vacancy in the Board unfilled until the next annual meeting of shareholders of the Company;
- (b) fill the vacancy by appointing a director whom the Board considers to merit the confidence of the shareholders; or
- (c) call a special meeting of the shareholders of the Company to consider the election of a nominee recommended by the Board to fill the vacant position.

Directors who do not submit their resignation in accordance with the MV Policy will not be re-nominated for election at the next shareholders' meeting. The MV Policy applies only in the case of an uncontested shareholders' meeting, meaning a meeting where the number of nominees for election as directors is equal to the number of directors to be elected. A copy of the MV Policy is available at the Company's website at [www.balmoralresources.com](http://www.balmoralresources.com).

### Advance Notice Policy

On January 18, 2013, the Board adopted an “Advance Notice Policy”, which ensures that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees and allows shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

The purpose of the Advance Notice Policy is to provide shareholders, directors and management of the Company with a clear framework for nominating directors. The Policy fixes a deadline by which holders of record of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

### Social Media Policy

On August 7, 2012, the Board adopted a “Social Media Policy”. The purpose of the Social Media Policy is to establish clear and reasonable guidelines and expectations regarding the responsible use of social media for personal and/or business purposes, as applicable, by the Company’s directors, officers, employees and consultants. To ensure familiarity with this policy, directors, officers, and employees are asked to read and sign a compliance certificate annually.

### Share Trading Policy

On July 21, 2010, the Board adopted a “Share Trading Policy”, which prescribes rules with respect to trading in securities of the Company where there is any undisclosed material information or a pending material development. Strict compliance with the provisions of this policy is required and directors, officers and employees are asked to familiarise themselves with this policy on an annual basis with a view to enhancing investor confidence in the Company’s securities and contributing to ethical business conduct by the Company’s personnel.